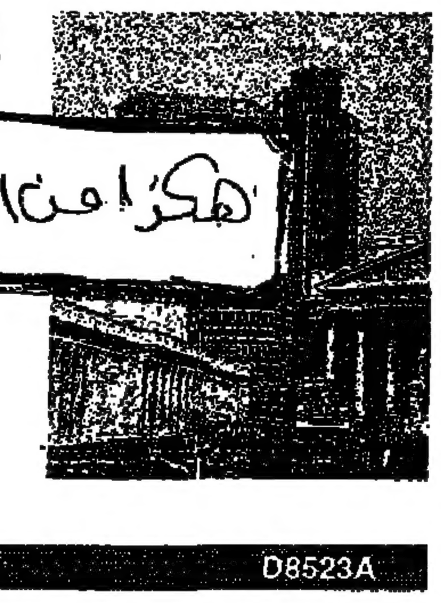

FT NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY DECEMBER 31 1992/FRIDAY JANUARY 1 1993 — D8523A

■The EC's single market is created at midnight tonight. On Monday, a 62-page FT looks at what life will hold for the people and businesses of the new Europe.

German minister to explain 'signature affair'

Jürgen Möllemann, Germany's economics minister and vice-chancellor, is cutting short his holiday and returning to Bonn amid growing demands for him to resign or at least to explain the use of his signature to promote a product manufactured by one of his wife's relatives. Yesterday Chancellor Helmut Kohl joined the clamour by calling on Mr Möllemann to explain the affair "immediately and comprehensively". Page 12

Deadlock on deportees: UN envoy James Jonah left Israel after apparently failing to resolve the plight of Palestinians deported to Lebanon. Earlier Israel suggested a third country should take them in. Palestine Liberation Organisation leader Yassir Arafat called the deportation a war crime. Page 3

Collor barred from office: Brazilian senators ended an all-night session by barring former president Fernando Collor de Mello from political activity for eight years. He is to appeal against the ban. Page 3

AMB shareholders back sale: Shareholders of Aachener und Münchener Beteiligungs, the big German insurer, voted to approve the sale of their bank arm BfG Bank to Crédit Lyonnais of France. Page 13

French jobless toll rises: The number of people out of work in France rose in November by 29,100 to 10.5 per cent. "Since September, the labour market has suffered a marked deterioration," the labour ministry said. Page 3

Panic will not quit: Yugoslav prime minister Milan Panic is refusing to step down early despite a parliamentary vote of no confidence. Under the constitution, his government can stay until a fresh cabinet is elected in February. "I will not run but instead stay and unite the opposition to fight for democracy," he said. Army 'will stand up to west', Page 12; Editorial Comment, Page 10

Banque Duménil Leblé, banking arm of Cerus, the French investment company linked to trouble Italian industrialist Carlo de Benedetti, has had to be bailed out by Cerus as part of a FFr430m ($96.5m) rescue package. Page 14

Bush heads for Somalia: US president George Bush flew to Somalia to show concern for its starving people and pay tribute to US forces helping relieve their misery. Meanwhile experts warned that locusts could bring another disaster to Somalia in the spring. Picture, Page 3

Pentos shares fell 14p to 56p in London after the UK specialist retailer, owner of Dillons, Ryman, Athena and Wilding stores, warned of lower than expected profits. Page 13; Lex, Page 12

New Year Honours: Former UK politician Shirley Williams, now a professor at the John F. Kennedy School of Government at Harvard University, is the only life peer to be created in Britain's New Year Honours list. Details, Page 18

Winterthur, the Swiss insurer, is injecting £11m ($16.7m) more capital into its Churchill Insurance arm to help the motor insurance company expand further. Churchill is one of Britain's biggest direct sellers of insurance. Page 13

Church unearthed: Archaeologists have uncovered a big fifth century church on the Jerusalem to Bethlehem road. They think it may have been built to commemorate the Virgin Mary's visit to Bethlehem on the eve of Christ's birth.

Explorers near pole: Britons Sir Ranulph Fiennes and Michael Stroud are 200 miles from the South Pole in their attempt to cross Antarctica on foot.

The Financial Times will not be published tomorrow. It will next appear on Saturday January 2. We wish our readers, advertisers and distributors a happy new year.

■ STOCK MARKET INDICES		
FT-SE 100:	2,832.5	(-15.3)
Yield	4.29	
FT-SE Eurotrack 100	1,064.02	(-2.45)
FT-A All-Share	1,358.06	(-0.4%)
Nikkei	16,924.95	(-360.69)
New York lunchtime		
Dow Jones Ind Ave	3,317.05	(+6.21)
S&P Composite	438.37	(+0.39)

■ US LUNCHTIME RATES	
Federal Funds:	2⅝%
3-mo Treas Bills: Yld	3.187%
Long Bond	102 22/32
Yield	7.377%

■ LONDON MONEY		
3-mo Interbank	7⅛%	(same)
Liffe long gilt future: Mar 101 21/32	(Dec 101⅛)	

■ NORTH SEA OIL (Argus)		
Brent 15-day	$18.225	(18.40)

■ Gold		
New York Comex Jan	$332.8	(332.5)
London	$333.05	(332.65)

■ STERLING		
New York lunchtime:		
$	1.512	
London:		
$	1.5125	(1.5135)
DM	2.44	(2.4425)
FFr	8.32	(8.315)
SFr	2.2075	(2.215)
Y	188.5	(188.75)
£ Index	79.3	(79.0)

■ DOLLAR		
New York lunchtime:		
DM	1.616	
FFr	5.506	
SFr	1.4615	
Y	124.75	
London:		
DM	1.614	(Same)
FFr	5.5	(5.4925)
SFr	1.469	(1.4635)
Y	124.55	(124.7)
$ Index	66.2	(66.3)
Tokyo close Y 124.5		

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs20	Neth	Fl 3.50	Spain	Pts200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht60
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.800	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00

'We are confused . . . everybody is afraid of history'

Judy Dempsey hears the people of central Europe ask: who am I, where is my home and who is my neighbour?

THE dead pig had been hanging in the cellar for five days. It was time to take it down and divide it among the families. The six men – Slovak peasants, foresters and a local government inspector – were in a good mood. After a round of vodkas, they set to work.

One of them had brought a sausage-making machine into which he fed chunks of meat. He turned the wooden handle. Sausages slowly poured out and dropped into a plastic bucket. The European Community would never approve!

"It's warmer upstairs. You can talk to the womenfolk," said one of the men in rubber boots.

Outside, a thick blanket of snow covered the small Slovak hamlet of Lednicke Rovne, a few miles from Europe's newest international frontier.

* * *

Earlier that day, the middle-aged porter at the small hotel tucked behind Prague's Wenceslas Square had been far from sentimental about the break-up of his country.

"Tell the Slovaks good riddance from us Czechs. We have had enough of their whingeing. We are better off with our own Czech Republic." He paused.

"I still think its the fault of the Germans. They wanted this split-up so that they can set up another Reich, here in the Czech Lands." The cashier sighed, and rolled her eyes, as if to say, *Here he goes again.*

"And wait until the new year," the porter continued. "There will be more price rises. And then we will be importing food – from the Germans – which will be dumped on us. They will soon colonise us – just like the second world war. Pah!"

* * *

In Lednicke Rovne, it was indeed much warmer upstairs, high above the cellar. The large, parquet-floored living room was filled with mothers, children, toys and a Christmas tree.

Marta Rusanakova, who works in one of the forestries across the border in Moravia, one of the Czech Lands, dipped a large ladle into a barrel full of sauerkraut and filled my plate, already laden with pork.

"The truth is that those Czechs have been exploiting us since 1918. They stole everything from us," she argued.

"I thought the Czechs had built up Slovak industry after 1945," I said.

"For themselves. Everything was ruled by Prague."

"Was the relationship that unequal? Slovaks could lobby for your interests in Prague. Your language and culture were not threatened."

"The Czechs held the purse strings. They looked down on us as if we were second-class citizens. Now we are free. Life will be much better. We will become part of Europe. Slovakia will be for the Slovaks."

"The 600,000 Hungarians living here will want to feel secure in an independent Slovakia."

"The Hungarians have all the rights they deserve. They are always complaining. What more rights should they have when our Slovaks in Hungary do not have many rights?"

Ewa, the sister-in-law, interrupted. "I worry about the break-up. I also work in the forestry in Moravia. Anton, my hus-

Continued on Page 2

Bush confident US Senate and Russian Congress will ratify accord

Yeltsin and Bush to seal arms treaty at weekend

By George Graham in Washington and Leyla Boulton in Moscow

PRESIDENT George Bush and President Boris Yeltsin yesterday approved the far-reaching nuclear missiles reduction treaty agreed on Tuesday by their foreign ministers, and are to meet in the Black Sea resort of Sochi this weekend to seal the Start 2 treaty.

US and Russian experts in Geneva are completing drafting work on the treaty, which will reduce both sides' nuclear arsenals by around two-thirds. Mr Bush described the treaty as "historic", and said he was confident the US Senate and Russian Congress would ratify the text.

"In my view this treaty is good for all mankind," he said yesterday before flying to Somalia, where he will spend the New Year with US troops before going to Sochi.

To reach the final compromise, both sides gave ground on three sticking points:

- The US let Russia keep 90 of the 154 silos protecting its massive SS-18 missiles, which are to be eliminated. The silos will be modified to house other smaller missiles, sparing Russia the expense of destroying one set of silos and building another.
- Russia may also convert 105 of its 170 multiple-warhead SS-19s to single warhead missiles. The US will itself be keeping Minuteman III missiles downloaded to only one warhead.

Again, this agreement saves Russia the expense of destroying its SS-19s and having to develop a new missile system, since its only other single warhead, silo-based missiles are the elderly SS-11s and SS-13s.

- The US will be allowed to maintain its B-1 aircraft as conventional bombers, to be converted to carry nuclear weapons when its B-52s, built in the 1960s, wear out in the next century.

The discussion involved broad principles of parity, security and cost, masked in intricate details of how much concrete to pour into a silo and what parts of a bomber could be shrouded during an inspection.

Russia accepted stiff cuts in land-based missiles, where it was strongest. The US similarly gave ground on its submarine arsenal, leaving the US with an advantage in airborne nuclear missiles – especially acute if Ukraine and Kazakhstan insist on keeping the Bear and Blackjack bombers based on their territory.

Ukraine is now the focus of US nuclear diplomacy, since President Leonid Kravchuk has so far failed to follow through his promise to make his country a non-nuclear state.

Start 2 builds on the framework of the Strategic Arms Reduction Treaty signed in 1991. It allows the US and Russia to deploy no more than 3,000 to 3,500 strategic nuclear warheads by the year 2003, with a separate limit of 1,750 warheads deployed on submarine-launched missiles and a complete ban on the use of multiple warheads, known as Mirvs, on land-based missiles.

Apart from the rushed timing, just before Mr Bush steps down as president, the summit itself is also unusual for its location. Sochi, Russia's most prized Black Sea resort, is next to some of the fiercest war zones in the former Soviet Union.

Less than 60 miles south is Georgia's rebel Abhazia region, where separatists are fighting the troops of Mr Eduard Shevardnadze, the Georgian leader who as Soviet foreign minister was the architect of previous major disarmament treaties. Less than 150 miles to the east is North Ossetia, a part of Russia which is under emergency rule while Russian troops battle local ethnic minorities.

Yeltsin urges Russians to rely on their wits, Page 2

President Boris Yeltsin signs at a Moscow bank yesterday for the 10,000 rouble voucher each Russian citizen will be given to invest in the country's newly privatised industries

Charge of unfairness threatens Kenya poll

By Michael Holman and Julian Ozanne in Nairobi

KENYA WAS thrown into a political crisis last night as two opposition parties, alleging foul play by the government, threatened to pull out of the electoral process and international observers prepared to criticise strongly the conduct of the polls.

Mr Mwai Kibaki, leader of the Democratic party, and Mr Jaramogi Oginga Odinga, leader of Ford-Kenya, were meeting last night to consider calling the election null and void after what they alleged were "widespread irregularities and vote-rigging" which they said were "fast pushing the nation to war".

Both parties demanded the suspension of counting and a re-run of the spoiled polls in many constituencies.

Mr Lee Kanyaro, spokesman for the DP, said the two parties had a list of demands to be met within 48 hours or they would withdraw from the electoral process. "We do not believe in the results being released. It is a fraudulent election."

The 38-member Commonwealth observers' group was last night in emergency session considering whether the electoral abuses they witnessed were sufficient grounds for declaring the polls

Continued on Page 12
How they voted, Page 3
Editorial Comment, Page 10

Italian cabinet still divided over privatisation details

By Haig Simonian in Milan

ITALY'S CABINET yesterday failed to agree a package to boost popular share ownership and revive the stock market.

A stormy 10-hour meeting revealed continuing differences between ministers over the government's ambitious privatisation programme.

The plan, passed by parliament earlier this month, received formal approval.

Ministers also gave the go-ahead for measures to bring Italy's indirect taxes into line with European Community rules from January 1, raising an estimated L1,500bn ($1.09bn) in additional revenue next year.

The government also approved spending L1,650bn next year to counter rising unemployment and help job creation.

Heading the long list of assets to be sold are state holdings in banking, foods, insurance, engineering and energy.

The sales are planned to raise L27,000bn over the next three years. The Treasury will use the money to reduce Italy's vast budget deficit. A further L24,000bn will come from disposals of companies within the IRI state holding company which will use the money to cut its borrowings, now more than L60,000bn.

Ministers are believed to have clashed over the extent of asset sales, meaning that details of the proposed ministerial committee to supervise the privatisation programme were left unresolved.

The extended debate meant that approval for widely leaked measures expected to boost the stock market was postponed until the next cabinet meeting, early in the new year.

Brokers had welcomed the leaked proposals to boost the bourse, which bear traces of both the personal equity plans of the UK and the individual retirement accounts common in the US.

The Comit equity index continued a strong week by rising 2.15 to 451.18 yesterday, although share prices are still below their levels at the beginning of the year.

If the proposals go through, investors would be offered substantial tax breaks over the next four years to buy shares in companies going public. A new type of retirement savings account would also be introduced, with tax advantages if at least half the funds are put into equities and held for a number of years.

The steps should encourage popular share ownership and prepare for one of Europe's most ambitious privatisation programmes. Italy's relatively illiquid equity market is inadequate to absorb the amount of equity that could be issued once privatisations start in earnest.

Critics of state disposals may be appeased by a proposed "golden share" formula, first used in the UK, which would prevent important public sector companies slipping entirely out of state control.

The latest proposals would replace earlier plans in August which were dismissed as inadequate by bankers. The government subsequently went some way to meet brokers' demands by suspending the complex and unpopular capital gains tax on shares until the end of September next year.

CONTENTS

 No 31,951 Week No 53 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: INTERNATIONAL

Milosevic tightens his grip

Serbian ultra-nationalism is on the increase, reports **Laura Silber**

THE re-election of Mr Slobodan Milosevic as president of Serbia, followed by the vote of no confidence against Mr Milan Panic, the prime minister, reaffirms Mr Milosevic as the most powerful politician in what remains of Yugoslavia.

Mr Milosevic's grip on Serbian politics has tightened partly because his defiance of the West has increased his support. Top echelons of the Yugoslav army, which previously supported the Yugoslav federation under Mr Panic and President Dobrica Cosic, now support Mr Milosevic – seen as the single person most responsible for the war in Bosnia.

At the same time, the Serbian political scene has become polarised between ultra-nationalists, on one side, and the weak democratic opposition, on the other. The extremist Serbian Radical Party, under Mr Vojislav Seselj, is expected to form a ruling coalition with the Socialists (the renamed Communists). DEPOS, the opposition coalition, won a few seats in Serbia's parliament.

Mr Seselj, commander of a private militia and named by the US as a suspected war criminal, has indicated he is vying for a key ministerial position. It is unlikely Mr Milosevic will hand over the interior or information ministries, his two pillars of power. Mr Seselj has called for the arrest of Mr Panic, a Belgrade-born California millionaire, for betraying Serbia.

The victory of Serbian ultra-nationalists eclipsed the hopes for democratic reform among liberal Yugoslavs. Foreign election observers, who left before the count was finished a week later, said the vote was riddled with irregularities.

The opposition in Belgrade, a stronghold for the democratic movement, now talks about fleeing the republic. Shocked by the surge of ultra-nationalism, many speak of the danger of civil war in Serbia. This could involve ethnic minorities, which comprise a third of Serbia's 9.8m population.

But the ethnic minorities are divided. Pro-independence Albanians from the southern Serbian province of Kosovo, and most Moslems from Sandzak, which straddles Serbia and its ally Montenegro, boycotted the general elections.

The re-election of Mr Milosevic appears to raise their chances of independence from Serbia, boosted by a letter last week from US President George Bush to Mr Milosevic in which he warned that the US would intervene if violence were to spread to Kosovo.

The 300,000-strong ethnic Hungarian community in Vojvodina, the northern Serbian province, voted, but for ethnic Hungarian parties.

Smaller ethnic groups in Serbia, such as Slovaks and Croats, now believe the election results will lead to ethnic cleansing in Serbia itself.

The elections signalled the end of Mr Cosic – a well-known writer – as a political force in Serbia. His plea for compromise, was rejected by most voters. His future as president is unclear. If Mr Cosic stays as leader of the reconstituted but unrecognised Yugoslavia, his role as a negotiator in Geneva on the former Yugoslavia comes into question because he appears to lack the influence to assert his will over Serbian leaders.

Mr Cosic, regarded as the spiritual father of all Serbs, had appealed for Mr Milosevc to step down. But in his address to the nation at the weekend, a self-confident Mr Milosevic appeared firmly in control. Remaining defiant of the West, he declared Serbia would never bow to the will of the international community.

Yugoslav premier Milan Panic refuses to quit prematurely

Foreign investment triples in E Europe

By Anthony Robinson

FOREIGN investment in the former communist states of eastern europe and the Soviet Union tripled over the year to end-September with 719 acquisitions, joint ventures and greenfield projects worth a total of $28bn, according to East European Investment magazine, a New York-based specialist publication.

Joint ventures have found renewed popularity among foreign investors, accounting for 351 out of the total 719 projects monitored while 72 per cent of all deals were signed with only five host countries – Russia, Hungary, Poland, former east Germany and the Czech Republic.

US companies have emerged as the biggest investors in the 28 countries of the former Soviet bloc with 219 acquistions, joint ventures and greenfield investments amounting to commitments of nearly $8bn. Russia, Poland and Hungary were the principal targets for US investment with over 40 per cent of US investment, or $3.2bn, pledged to Russia alone where US oil, energy and telecommunications companies are particularly active.

European and Arab oil companies have also been active in the oil and energy sector, particularly in former Soviet republics such as Kazakhstan, Azerbaijan and Turkmenistan. Over 60 deals worth $13.2bn were signed in this sector of which the largest included the over $6bn British Gas/Agip gas project in Karachaganak, the $1.5bn commitment by Chevron of the US in the Tengiz oil project, also in Kazakhstan and the $3bn Conoco/Polar Lights project in Russia.

Other key sectors targeted for investment were the automobile sectors with 64 projects worth $5.4bn, including the $2bn committed to Poland by Fiat of Italy, mining and metals and consumer goods, including textiles, foodstuffs and paper, and tobacco.

Yeltsin urges Russians to rely on their own wits

By Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin yesterday praised his countrymen for resisting calls to rebel against painful economic reforms and urged them to rely on their own wits to survive more hardship to come.

"I express my deep gratitude, respected citizens of Russia, for showing such surprising endurance... and for not following those who called you to the barricades, urged you to strike. You did not follow those who once called on Russia to take up the axe," Mr Yeltsin said in a televised New Year's address in which he referred to bloody popular uprisings which have been a feature of past Russian history.

But urging Russians to play a more active role in the reforms, he said the appearance of 17m private entrepreneurs, farmers and providers of services showed that "success... is accessible to anyone who does not wait for a gift from heaven but works for himself".

He also jeered at his political opponents, who had in vain predicted "hunger, cold, full destruction, and millions of unemployed" when radical reforms started off with price liberalisation a year ago.

Although he failed to promise – as he has in the past – that things would improve quickly, he claimed the first signs of stabilisation had already appeared. Industrial production, for instance, had stopped falling.

He said nobody would be able to knock Russia off its reform course. Earlier he revealed that he and his family would invest their privatisation vouchers in one of the new investment funds now being set up as part of Russia's mass sell-off of state-owned enterprises.

Mr Yeltsin, whose personal authority has been necessary to protect reformers in the past, said that he now wanted to leave economic matters to the recently-reshuffled reformist cabinet.

He said he planned to focus on protecting the poorest members of society and would launch a campaign against the corruption and crime which plague everyday life in addition to the high inflation and chaos wrought by the economic reforms.

"The painful period of destroying the old order is coming to an end: we now have to clear the wreckage and build a new home," said Mr Yeltsin, himself a former construction engineer.

Finally, the president publicly thanked Mr Yegor Gaidar, the prime minister whom he failed to save from the Congress of People's Deputies's wrath, for "teaching market economics" to the government and the people, and for courageously taking most of the blame for the reforms.

"We should thank Yegor Timurovich Gaidar, a man who dared to undertake unpopular steps together with the president in this difficult period," he said.

Mr Yeltsin looked back to the overthrow of communism: "It is not Russia's fault that it was thrown from this path and turned into a testing ground of communism. Today we have freed ourselves of this obsession."

Estonia to close private bank

By Leyla Boulton

ESTONIA, the boldest of former Soviet republics in terms of economic reform, is to close one of its largest banks and merge two others.

The closures are the first to take place in the former Soviet Union.

Mr Kaupo Pollisinski, a spokesman for the Estonian central bank, said Tartu Commercial Bank, one of the republic's biggest, was in liquidation, while Union Baltic Bank and North Estonian Bank, are to be merged from January 18.

The Baltic republic gained independence more than a year ago, and soon after introduced its own currency, the kroon. But, like other republics, it has suffered from a shortage of banking skills and supervision. Russian authorities are also concerned about a large number of institutions but have so far taken no steps to close any.

Mr Pollisinski said Tartu Commercial Bank, the first private commercial bank in the former Soviet Union, took "too large risks in its lending policy" and as a result had "no money".

"We could not find documents concerning some loans and we have some questions about the bank's owners," he added. The bank's proposals for its own restructuring were "unrealistic" – it would cost 200m kroons to bail out the bank – so the Estonia's central bank was preparing to dispose of its assets. The most opimistic scenario was that it would be able to return up to 80 per cent of clients' deposits.

But Mr Pollisinski said the two banks were being merged mainly because of the decision by Russia's Vneshekonombank in Moscow, through which former Soviet foreign debt is serviced, to "freeze" $80m in the banks' accounts there. The Estonian central bank aimed to put together 200-250m kroons in fresh capital for the new bank. "We have to put it in order and then look for buyers," said Mr Peeter Luik, chairman of Union Baltic Bank.

Vneshekonombank had frozen $30.5m – or 413m kroons out of his bank's total deposits of 476m kroons – three months after promising that no further accounts would be frozen after the Russian bank first defaulted in December. The Russian government has said that the money was not frozen but spent by its predecessors.

● Mr Dmitry Tulin, deputy chairman of the Russian central bank, told the Financial Times that long-awaited regulations on the activities of foreign banks in Russia would be ready in January.

Bulgarian parliament elects new premier

BULGARIA'S parliament ended a two-month political crisis yesterday by electing Mr Lyuben Berov as prime minister and approving his cabinet, Reuter reports from Sofia.

Mr Berov, 67, an economic advisor of President Zhelyu Zhelev, was nominated by the Movement for Rights and Freedoms (MRF) representing Bulgaria's 1m ethnic Turks, after two previous attempts to elect a prime minister had failed.

But former prime minister Filip Dimitrov, leader of the anti-communist alliance, the Union of Democratic Forces, said he was "sceptical about the future of the new cabinet".

"Despite our being the biggest parliamentary party we will be in opposition," he said.

It is the first time in Bulgaria's history as an independent state that the Turkish minority has proposed and formed a government with its mandate.

Bulgaria was occupied by Turks as part of the Ottoman Empire for more than five centuries until 1878.

Slovaks fear a grim awakening after the party

Vincent Boland tests opinions of independence in the town of Cadca

LIKE A hundred other towns in Slovakia tonight, Cadca is holding a party to celebrate independence. There will be a ceremonial hoisting of the Slovak flag, bells will toll at midnight, the new national anthem will be sung and there will be fireworks in the town for the first time in 40 years.

The rockets and catharine wheels have been bought with some of the 25m kopecs (£600,000) made available to the nation by the government in Bratislava to celebrate the event. But the 25,000 people of this run-down, polluted town in northern Slovakia are divided on independence.

Around 7,000 of Cadca's inhabitants board trains every morning to travel to work at the steel mills in Ostrava, 90km away in the Czech republic. Their journey tomorrow will take them across the world's newest frontier.

Ask the travellers if they will feel any difference and they shrug. Ask if they fear any consequences and they remain silent. Then one man says yes, he is "afraid". He is not quite able to say why. He gives a little embarrassed laugh.

But there are signs pointing to potential areas of mutual misunderstanding. Mr Ivan Krivcik, a young waiter, says he has visited Prague just twice in his lifetime, but has been to Vienna, a short distance up the Danube from Bratislava, five times. The break with the Czech republic will not mean a lot to him. "I have friends in Austria, Germany, even Britain, but I have no friends in the Czech republic," he says.

Ms Katarina Genzorova, who teaches at the technical school at Cadca, sees it differently. She lived in Bohemia, the western province of the Czech republic, for six years and has many friends there. "It is sad and unnecessary and it has upset me a lot," she says.

Mr Miroslav Golis, director of the town's library, sums up what must be a widespread feeling throughout Czechoslovakia today. "We Slovaks will miss the Czechs more than they will miss us," he says wistfully. Mr Peter Glasnak, mayor of Cadca and master of ceremonies tonight, has a theory to explain the apparent indifference. "In our society we always highlight the mistakes, never the successes. That is our eternal science."

He supports Mr Vladimir Meciar, the volatile, nationalist prime minister of Slovakia, and the man who will enter the history books as the father of Slovak independence. "People like his personality. He tells them what they want to hear," he says without irony.

Telling people what they want to hear is Mr Meciar's most potent political weapon. But if he wants an idea of the problems he will have to solve after independence, he could do worse than visit Cadca. It is a town blighted by years of impoverishment. It has no industries and a 20 per cent unemployment rate, Mr Glasnak says. That is why over a quarter of its inhabitants take the train to Ostrava every morning.

> The mayor of Cadca and master of ceremonies has a theory to explain the apparent indifference among the townspeople to independence: 'In our society we always highlight the mistakes, never the successes. That is our eternal science'

Not even the snow can hide the blight, which is made worse by clouds of smoke and soot from the plant providing the town with central heating.

It is not a place for illusions. "Tonight there will be a party," Mr Glasnak says. "But in the morning we must wake up and realise there is a lot of work to be done."

Three years ago the Velvet Revolution came and went leaving little trace. Now Year Zero for independent Slovakia begins at midnight and Cadca is holding its breath.

Confusion in the search for identity

Continued from Page 1

band, who works for the federal army, has Czech relatives. He will have to choose his ethnic background once we take out separate citizenship papers. I don't know if I can keep my job once we become separate countries. It's all right now. But you never know about the future. We will be commuting to a foreign country."

Marta said the Slovaks would cope very well without the Czechs. "They are even now discrediting our new republic. Prague, and all those intellectuals who keep travelling abroad, are spreading lies about how we collaborated with the Germans during the War. You know, the Germans were not that bad. After all they paid their bills on time."

"Do you want more sauerkraut?" asked Ewa.

***

The elderly lady wanted some bread. The small shop in Dzienkowice, near Opole in southern Poland, was still open, even though it was Sunday evening.

She asked for it in Polish, then broke into German. Her request was drowned by the man behind the counter who was shouting in German.

"Why are you stirring up trouble in Dzienkowice. You journalists are all the same. Why don't you go to Germany and write about how all those foreigners and refugees are ruining the country. Get out of here!" he said.

I thought about the brightly-coloured shield, sited near the church in the centre of the village: "Frauenfeld O/S Grüsst Alle Gäste" (Frauenfeld – the German for Dzienkowice – Upper Silesia, welcomes all visitors).

"Why did the German National Offensive [a neo-Nazi group from Germany] come here and try to organise a cell?"

"None of your business", said the man, storming out of the shop into the dimly-lit street.

The lady with the bread began to speak. "Ignore him. He's a bit tense. Dzienkowice is like a ghetto. There are only 1,600 of us ethnic Germans in the village. We are confused. Everything has changed since the Wall came down. The Poles never allowed us to read, learn, or speak German since 1945. Now we are free again to be German, in Poland. The Poles are upset because they think we want to be part of Germany again. Everybody is afraid of history".

She explained that she saw nothing wrong with the locals of Dzienkowice putting up war memorials for those German soldiers who had died during the First and Second World War.

"The Poles are getting upset about it. Our sons died too." She walked out into the dark evening. "Be careful driving to Opole. There's a thaw. But there's black ice."

> 'The problem is both simple and complex. It is about Poles coming to terms with the ethnic Germans rediscovering their culture. After the war, all our rights were taken away' – ethnic German in Upper Silesia

Janusz didn't care about the weather, the Poles, history, or the Germans.

"Thieves. That's the problem now," he complained.

Janusz is the night watchman for the guests' cars at the main hotel in Opole, one of the main cities in Upper Silesia, which was part of Germany before 1945.

Each evening, he sets up guard from a tiny caravan which is parked on front of the hotel.

He unlocked a heavy, U-shaped metal security device, parked my car between the pavement and the contraption, and locked it again. "10,000 zlotys (about ten cents) please".

A Polish businessman, clearly acquainted with the east European attraction to expensive cars, had taken no chances. He had brought his own yellow, steel clamp for his brand new BMW.

"All the politics is down the road and across the bridge in the Vojvod (provincial) headquarters," said Janusz, in a mixture of Polish and German.

The drab, former communist party building had some redeeming qualities. The paternoster – an open lift like a dumbwaiter in continuous motion – was still functioning, even if it creaked.

Stanislaw Skakuj, a former member of the Solidarity independent trade union, now head of the Vojvod's Department for Problems of Citizenship, said: "Officially, there are no problems with the ethnic Germans. They just have to stick to the law. They did not ask if they could put up memorials to the second world war. It's a very sensitive issue".

"Why did you decide to expel Gunther Boschütz, the neo-Nazi, last week, and not a year ago, when he first came to Dzienkowice?"

"It was Warsaw which made the decision, not us".

"Are you afraid about the growing German influence in Poland?"

"Officially, no".

"What will happen now? Do you think the ethnic Germans will seek, or should have more autonomy, especially if some of the 180,000 ethnic Germans in Opole represent a majority in some of the villages."

"Autonomy? Do you know what that word means? It means separatism. Then where would we be? Look at Yugoslavia. Look at Czechoslovakia. Look at Russia. Countries all around us are breaking up."

Henyrk Kroll, the 43-year-old head of the ethnic Germans in Opole, was standing outside Skakuj's office, engulfed in cigarette smoke.

"The problem, if one exists, is both simple and complex. It is about Poles coming to terms with the ethnic Germans rediscovering their culture. After the war, all our rights were taken away," he explained, chain-smoking his way through the history of identity.

"Our language and culture practically disappeared," he explained in excellent German. "We are Germans, but Polish citizens. We don't want to emigrate to Germany. Our home is here, in Upper Silesia. It would be good if those Germans who emigrated after the 1945 came back. We need them to invest. We need new schools. More teachers. For our identity."

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"When I was much younger, my parents never questioned our identity. We never spoke about the past. We never observed the Sabbath".

Tamas Lozsy stood outside the Sasz Chevra Orthodox Synagogue on Wesselenyi street in Budapest. It was a damp and cold Saturday morning. Aged 22, he is a teacher in a Jewish school. "The sense of being different started when I was 14. I wanted to know what does it mean to be a Jew in Hungary today".

"Do your parents feel assimilated?"

"If I say they are assimilated to the extent that they think and act like Hungarians, then they are assimilated. But they are not assimilated from this point of view: they are afraid."

"Why are they afraid? Do they worry about the far-right who are grouped around Istvan Csurka [who recently wrote that Hungary was being taken over by foreign Jewish financiers]."

"In the 1920s and 1930s, when the name of Hitler was mentioned in elegant homes, everyone laughed madly. They said he was a stupid guy. A house painter. And you know what happened? I hope that history will not repeat itself. I hope that it will not happen with Csurka."

Sandor Haraszti interrupted his prayers. "My parents never spoke about the past. They wanted to assimilate because of the war. In any case, the system did not allow us to be Jewish, and not be afraid," he said.

"I am 17 years old. When I was much younger, I wanted to discover what I was. I began to read the Talmud. Today, I am insulted on the streets. I ignore it. I have not yet been attacked, yet. Excuse me. I must go back inside".

Young and old Ashkenazi Jews in traditional orthodox dress prayed with the cantor. Outside, a solitary police car kept watch.

***

They remained silent from from Wittenberg Platzto Stadtmitte. They emerged from the underground into the bitter Berlin air, carrying ied all they owned in a few plastic bags.

"We arrived two days ago. From Bosnia," said Jelena, the mother of four small children. "Our country no longer exists."

The guards at the White House, home of Russia's parliament, didn't bother to check if I had an appointment, even though I had no pass. The name of Vladimir Isakov carried enough weight to admit me.

As one of the leaders of the National Salvation Front, a loose but influential parliamentary caucus which groups former communists, nationalists, and "national patriots", Isakov vows to defend what he believes Boris Yeltsin has destroyed.

"Ideals? We have none left. Communism was an ideal to which the people related. When it evaporated, society disintegrated. We are relying too much on foreign influences. All your advisers want to shape our government and legislature. There are no results. No order. No discipline. No authority."

"Do you want Russia to be integrated with Europe?"

"Western values cannot be transplanted to Russia. Foreign intelligence services are destroying our industrial base. I want Russia to defend its interests".

"What are those interests?"

"Many things. The defence of our Russian minorities living outside Russia. Especially in the Baltic States. Yeltsin is not defending them. The West is promoting ethnically-based national states, and new borders, right here, in the former Soviet Union. We cannot create one hundred nation states in Russia. Look at what has happened in Yugoslavia. In Czechoslovakia. All this disintegration is madness. We must protect the Russian soul."

"How"?

"By relying on our own traditions."

***

It had started to snow. The onion-shaped dome of St Basil's was barely visible. The icy, white snow flakes tumbled silently down on Red Square. An old lady trudged across the slippery cobblestones.

"Where are you going?"

"I want to go home."

"Where is your home?"

"Now, it is with my son, and his family in Mosocw."

"Where was your home?"

"Near Baku. In Azerbaijan. But the fighting never stops. I can't go home. I have no home."

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Tokyo stock market down 26.4% on year

By Robert Thomson in Tokyo

THREE IS a symbolic, cyclical number in Japan, and thus it was appropriate that the Tokyo stock average should tumble again yesterday to mark three years of falling prices, declining turnover, and fading investor confidence.

When traders and Tokyo exchange officials closed 1992 with rhythmic clapping, stock prices were down 26.4 per cent on the year and 2.1 per cent on the day, leaving the Nikkei average at 16,924.95 and Japanese brokers nervous about the omens for next year.

Taking the common standards of superstition as a guide, 1993 will either mark the beginning of a new cycle of goodness, and rapidly rising stock prices, or the fourth year of a five-year cycle of collapse, decay and ever-larger losses.

Portents aside, the hard statistics add up to a particularly bleak trading year. The daily average volume on the exchange's first section was 264.9m shares, the lowest since 1977, and a quarter that of the booming, "bubble" year of 1988.

The trading value for the year was Y58,881bn (£84.3bn),

about a sixth of the record set in 1989, and the lowest since 1984. Brokers were starved of commissions, individual investors shunned the market, and a long queue of eager sellers formed each time prices appeared to gain strength.

At the close yesterday, the Nikkei average was down 56.5 per cent from the record high of 38,915.87 on December 29, 1989, while the three years of consecutive decline are a record. To emphasise things may get worse before they get better, trading volume on Monday, at 100m shares, was the lowest since 1982.

A Tokyo exchange official, after clapping out the year, said: "We have already forgotten 1992." Foreign brokers are generally forecasting the Nikkei will trade between 16,000 and 20,000 next year, while Japanese houses are telling customers that 25,000.

The third year of the cycle was particularly tough on stocks favoured by the few remaining speculators last year. Godo Shusei, a maker of sake and plum wine, was the big loser, down 79.3 per cent, followed by Daito Boshoku, a wool spinner, which lost 79.2 per cent of its value.

Japanese business magazines, only half-jokingly, have suggested the three-five-seven cycle means that manufacturers will take three years to recover from falling sales and asset values, the brokers will need five years, and the banks seven years. More pessimistic soothsayers predict that all three sectors will need seven years.

US sees sharp rise in leading indicators

By Michael Prowse in Washington

THE US index of leading indicators – a guide to future economic trends – last month registered its sharpest increase for nearly a year.

Propelled by a steep increase in consumer confidence, the index rose 0.8 per cent, following a 0.5 per cent increase in October.

Optimism, however, was muted by unexpectedly poor figures for new home sales, which fell 8.3 per cent between October and November to a seasonally adjusted annual rate of 585,000.

This followed a fall of similar magnitude in the previous month. The 8.3 per cent decline was the biggest drop since March when sales fell 11.5 per cent.

The figures for new home sales were a marked contrast to Tuesday's report of a 5.4 per cent rise in sales of existing homes, a significant gain for the second month running.

Figures for new home sales, however, are often heavily revised, usually upwards. The reported declines since October may thus overstate any loss of momentum in this sector of the housing market.

Sales of new homes for the first 11 months of this year were 19 per cent higher than in the same period last year.

The leading index was lifted by increases in eight of its 11 component indicators, including gains in consumer confidence, a fall in weekly claims for unemployment insurance, a rise in share prices and faster growth of the money supply. The consumer expectations component rose far more sharply than other components and accounted for half of the total increase in the leading index.

The index is intended to predict changes in economic activity several months in advance. However in the recent past it has failed to give warning of slowdowns, such as the dip in industrial production last summer.

The index of coincident indicators, which measures the current state of the economy, rose modestly in November for the second month running.

President-elect Bill Clinton welcomed the latest figures, saying they showed there is hope and optimism that the economy is improving.

US Marine searching a Somali at Mogadishu airport yesterday as part of tightened security one day before President George Bush's New Year visit. Troops stopped vehicles at check-points in the city where shooting is still common despite last week's peace deal

France faced with a fresh round of economic misery

By Alice Rawsthorn in Paris

FRANCE'S unpopular Socialist government yesterday faced a stream of gloomy economic news as surveys appeared showing an increase in unemployment last month and further falls in confidence among both industrialists and consumers.

The number of people out of work in France rose 1 per cent in November to 2.97m, according to figures from Insee, the state statistics institute.

This raised the annualised rate of unemployment to 10.5 per cent from 10.4 per cent in October.

The news of November's job losses comes at a critical time for the French government, only three months away from a general election in late March. It is also a setback to the government's hopes of presenting a positive picture of France's economic prospects to the financial markets during a period of fierce pressure on the French franc.

Unemployment is one of the main drags on the French economy as fears of joblessness have depressed consumer confidence.

A new BVA study for Paris-Match magazine suggests confidence is still deteriorating with 71 per cent of the French claiming to be "pessimistic" about France's prospects in 1993, compared with 64 per cent this time last year.

This pessimism is mirrored in the corporate sector. The level of confidence among French industrialists has also declined in recent weeks, according to the latest Insee monthly study of 3,300 senior executives.

Industrialists expressed concern about the sluggish domestic market and rising stocks. They also reported continuing pressure on exports, which have been affected by the strength of the French franc since this autumn's currency crisis.

The government has ruled out abandoning its rigid fiscal policy in favour of reflating the economy before the French go to the polls. The BVA survey indicated a low level of approval for the government with only 17 per cent of those polled expressing satisfaction – the lowest rate of approval since the Socialists came to power 11 years ago.

The survey also supported forecasts of a centre-right victory in the general election.

The survey said left-wing parties would win 29.5 of the vote to 44.5 per cent for conservatives.

The ecologist movement was expected to poll 15 per cent while the far-right National Front was seen declining to 11 per cent.

President François Mitterrand's popularity dropped four points from last month to 32 per cent, hovering just above a record low.

Collor found guilty by Brazilian Senate

Franco 'to uphold' foreign accords

By Bill Hinchberger in Brasilia

BRAZILIAN president Itamar Franco yesterday promised to maintain accords with international creditors and to work with Congress to approve fiscal reform and intellectual property legislation.

In his first speech to the nation, he emphasised the need to combat Brazil's social crises.

Elected vice-president in 1989, Mr Franco will serve the final two years of the term of Mr Fernando Collor de Mello, who resigned on Tuesday. Mr Franco had been interim president since Mr Collor was suspended three months ago to face impeachment on corruption charges.

Mr Franco said the recently suspended privatisation programme would be resumed with unspecified new guidelines that "do not prejudice the nation." Unnamed "strategic" companies will not be sold. He offered no outline on trade liberalisation but stressed that "we cannot allow ourselves to be fooled into thinking that we can construct a modern country by raising economic barriers."

He also said: "We will guarantee the stability of economic rules and will assure that no arbitrary decisions will be taken," thereby ruling out shock plans as a means of curing economic woes. Brazil has suffered six economic plans, usually including price freezes, since 1986.

Planning minister Paulo Haddad said he will provide details of economic policy at a press conference today

The Brazilian Senate found former President Fernando Collor de Mello guilty of crimes of responsibility and prohibited him from holding office for eight years despite his resignation on Tuesday morning.

A marathon session, which started on Tuesday and ended early yesterday, resulted in a 76 to three vote in favour of conviction.

Mr Collor also faces possible criminal charges for his involvement in an alleged influence-peddling scheme and for having benefited from a multi-million-dollar slush fund run by his former campaign treasurer.

In a statement yesterday, Mr Collor said he would appeal againstthe Senate conviction.

"I resist in the name of democratic institutions," he said, adding that he was "a president whose only crime was his unswerving dedication to his duty."

Senator Albano Franco, head of the National Confederation of Industry, said that the business community would be reassured by the new president's pledge to avoid price freezes and to support structural reform.

The Sao Paulo stock exchange Bobespa Index reacted favourably and increased by 3 per cent.

Mr Franco criticised what he called Mr Collor's "false modernisation" programme, noting its recessionary effects. He recalled that this year Brazil's gross domestic product will be 3.9 per cent lower and per capita income 10 per cent lower than in 1989. He said modernisation and anti-inflation policy could not be based on maintaining high interest rates.

The Franco administration hopes to work closely with Congress and leading political parties, reversing Mr Collor's combative approach.

European satellite news channel to be launched

By Raymond Snoddy

EURONEWS, Europe's first multilingual satellite news channel will be launched tomorrow from its headquarters in Lyon.

Expected to reach more than 35m households, the channel will broadcast continuously updated news, weather and travel bulletins plus youth, lifestyle, business and current affairs magazine programmes. The channel, designed to compete with Mr Ted Turner's CNN, will start with 20 hours a day and move to 24-hour operation in April.

The Euronews format will be a picture channel – no presenter will appear on screen – with commentary in English, French, Spanish, German and Italian. There are also plans to add an Arabic commentary later.

"With the launch of Euronews, Europeans will finally be able to enjoy coverage of world and local affairs from a truly European point of view in their own language," says Mr Massimo Fichera, the Euronews director general.

Euronews will have a 1993 budget of Ecu50m (£40.45m) of which 55 per cent is in the form of contributed news footage from Eurovision, the daily news exchanges of the European Broadcasting Union.

Advertising revenue is expected to contribute 25 per cent to the budget and the remaining 20 per cent will be funded by public bodies including the European Community.

Euronews has already had a setback on advertising. Negotiations with IP, the Havas subsidiary, broke down and Euronews had to find another sales house for its advertising.

Mexico slims peso by cutting three zeros

By Damian Fraser in Mexico City

THE Mexican government will cut three zeros from its currency today in a move to simplify monetary transactions which often run into trillions of pesos.

A dinner for four in a top Mexico City restaurant that costs around 1,000,000 old pesos ($323) will fall to just 1,000 new pesos from January 1. Alternatively, the minimum daily wage of 12,000 old pesos will be a mere 12 pesos.

Old and new pesos will both be accepted in a transitional stage, until the old pesos are phased out. Prices will be posted in both units, and old and new notes will look alike, to prevent shops using the change to raise prices.

The government's greatest although unstated hope, is to wipe from collective memory the highly inflationary 1970s and 1980s, and persuade Mexicans that the peso is strong again.

Unlike other Latin American countries, Mexico has waited to implement monetary reform until the economy has stabilised. Mexico's annual inflation has fallen from a high of about 200 per cent in mid-1987 to an estimated 12 per cent this year.

Mexico also has a long history of low inflation, interrupted only in the mid-1970s. Throughout the 1950s and 1960s Mexico achieved an average 6 per cent growth with single digit inflation, an achievement the present government would be delighted with.

But many Mexicans are suspicious. A straw poll in El Financiero newspaper found half those questioned unsure how the change would work.

Australians in Vietnam oil accord

By Kevin Brown in Sydney

AN Australian-led international consortium has announced plans to develop Vietnam's second offshore oil field at Dai Hung, in waters off Ho Chi Minh City.

The consortium – one of nine which tendered for the contract last year – is led by Broken Hill Proprietary (BHP), the Australian resources group, and Petronas Carigali Overseas, a subsidiary of Petronas, the Malaysian state oil company.

BHP said a detailed production sharing contract was being negotiated with PetroVietnam, the state oil company, and Vietsovpetro, a Vietnamese/Russian joint venture which carried out the initial development of Dai Hung.

Mr Peter Willcox, chief executive of BHP's petroleum division, said the group expected to hold a 43.75 per cent stake in the field,. Petronas Carigali 20 per cent and PetroVietnam 15 per cent. The remaining 21.25 per cent shareholding has been reserved for a further international oil company.

NEWS IN BRIEF

Moslems to revive Ayodhya prayers

INDIAN Moslem leaders left in India's capital for Ayodhya yesterday to offer prayers at the site where an ancient mosque stood until it was destroyed by Hindu militants on December 6, Shiraz Sidhva writes from New Delhi.

The government, which has informally tried to stop the Moslem leaders from offering prayers at the site of the Babri mosque where there has been no Moslem worship since 1949, fears the visit could spark off more communal violence The Moslem leaders are expected to be arrested before they reach Ayodhya.

Dublin to lift exchange curbs

Officials at the Central Bank of Ireland confirmed yesterday that Ireland will go ahead with the removal of exchange controls this weekend, as part of the European Community's single market programme, writes James Blitz.

There had been speculation that Ireland might be forced to postpone its pledge to abolish exchange controls because of pressure on the Irish punt inside the European Exchange Rate Mechanism. However, Mr Louis O'Byrne, manager of foreign exchange control at the central bank, said yesterday: "Ireland's exchange controls are being abolished tomorrow."

Nordic currency support

The Nordic central banks' revision and expansion of their short-term currency support system was not linked to the floating of three Nordic currencies, said Mr Kjell Peter Soderlund, head of the Central Bank Policy Department at the Bank of Finland, Reuter reports from Helsinki. He said the existing agreement was revised because it was outdated.

Under the revised agreement the Finnish, Swedish, Danish and Norwegian central banks are entitled to borrow the equivalent of Ecu2bn (£1.6bn) and the central bank of Iceland up to Ec200m. Also each central bank is obliged to provide support up to the equivalent of Ecu1bn and Iceland up to Ecu100m.

China optimistic on growth

China's economy racked up one of the world's fastest growth rates in 1992 and officials said yesterday they are optimistic they can keep the economy booming next year while maintaining control of inflation, Reuter reports from Beijing .

The gross domestic product increased by 12 per cent in 1992 after adjustment for inflation, the State Statistical Bureau said. This is exactly double the cautious rate of growth set by Soviet-trained Premier Li Peng in his keynote speech to parliament in March, and far above the 7.7 per cent rate achieved last year.

While inflation is still manageable – in leading cities prices rose by 11 per cent this year – officials are worried about several warning signs. Bank loans are up by 20 per cent as enterprises and local authorities borrow feverishly to buy goods and start projects. The money supply has grown by 30 per cent this year.

Australia counts rain cost

The Australian wheat industry held an emergency conference yesterday as its farmers waited to see how badly rain had damaged their crop, originally valued at A$2.5bn (£1.13bn), Reuter reports from Canberra. Industry officials said they would now have to find a way to dispose of at least 3m tonnes of weather-damaged wheat. The wheat's value may have been cut by a third, erasing farmers' profit margins.

Israelis unmoved by UN on deportees

By Hugh Carnegy in Jerusalem

A United Nations envoy attempting to resolve the plight of 415 Palestinians expelled to Lebanon by Israel ended visits to both countries yesterday without persuading Israel to take them back. He also failed to secure food and medical supplies for them or to meet the deportees.

It remained unclear how the issue, which Palestinian leaders say is threatening the future of Middle East peace talks, might be defused. Mr Yitzhak Rabin, the Israeli prime minister, suggested after his second meeting with Mr James Jonah, a UN under-secretary general, that a third country should take the Palestinians, but this appeared to have little chance of acceptance.

A Security Council resolution passed unanimously after the deportations almost two weeks ago demanded that the men, all said by Israel to be Islamic fundamentalist militants, be returned to their homes in the occupied West Bank and Gaza Strip. Dr Abdel Aziz al-Rantisi, a leader of the deportees, said from their snow-bound camp in south Lebanon they would not accept anything less.

Mr Jonah is due to report back to Mr Boutros Boutros-Ghali, the UN secretary general. During the envoy's visit, Mr Rabin refused to reverse the deportations and the Lebanese government rejected an Israeli proposal that humanitarian supplies be delivered to the camp from both sides.

Yesterday, Mr Yassir Arafat, leader of the Palestine Liberation Organisation, said after a meeting with Mr Boutros-Ghali in Geneva that the deportations were a "war crime" and a "form of ethnic cleansing." He urged the UN chief to do all he could to force Israel to take back the deportees.

● France yesterday proposed that the Palestinians be placed provisionally under the responsibility of United Nations Forces in Lebanon (Unifil).

Foreign Minister Roland Dumas said he had made the suggestion to Mr Boutros-Ghali during talks in Geneva on a range of world issues.

Divided opposition hands victory to Moi

Whole tribes come out against ruling party, **Julian Ozanne** reports

President Moi: facing a crisis

EARLY returns from Kenya's elections showed yesterday the country had voted on divisive tribal lines, with President Daniel arap Moi heading for victory on a minority of the vote because of a split in opposition support between three main challengers.

For the first time in Kenya's history, however, yesterday's results revealed the extent of the unpopularity of the ruling Kanu party and the solid opposition of several provinces and tribes to the continued rule of Mr Moi.

The results also showed that the opposition would have swept to power if it had agreed to an electoral pact and united behind one presidential candidate, instead of fragmenting into different parties based on tribalism and personal greed for power.

Political observers said last night that Mr Moi faced a considerable challenge in trying to rule a divided Kenya.

With results in the presidential race announced in 34 of 188 constituencies by last night, Mr Moi had won 342,937 votes, or 41 per cent. Mr Moi's lead was artificially inflated by the early declaration of results from his power base of Rift Valley province. Mr Kenneth Matiba, the presidential candidate of Ford-Asili, was leading the race for second place with 266,853 votes (32 per cent), well ahead of seven other contenders.

In the Rift Valley, a Kanu heartland and home to Mr Moi's Kalenjin people and other pastoralist minority tribes, the eight Rift Valley constituencies which had declared results by last night gave him more than 93 per cent of the presidential vote.

Mr Moi was also drawing strong support from Coast province and from Northeastern province, which the government has closed off to opposition activity.

In Western province Mr Moi was in second place behind Mr Matiba with four results declared.

In the Coast, however, the first results from the provincial capital of Mombasa town in Changamwe constituency showed massive support for Mr Jaramogi Oginga Odinga, presidential candidate of Ford-Kenya, reflecting the influence of the banned Islamic Party of Kenya which did an electoral pact with Ford-Kenya.

The IPK was expected to continue to have a favourable impact on votes for Ford-Kenya in Kwale and Mombasa districts of Coast province as more results are announced.

Ford Kenya was last night sweeping three of the four districts of Nyanza province, the homeland of Mr Odinga's Luo tribe. Other opposition parties, led by Mr Matiba, were also hammering Mr Moi and Kanu in Central and Nairobi provinces, homeland of the powerful and disenchanted Kikuyu tribe.

In the five of 30 constituencies which had declared presidential results by last night Mr Moi had won a mere 3 per cent. Mr Matiba led the presidential race in Nairobi and Central provinces with nearly 75 per cent of the vote.

"Moi is going to face a crisis of governability after the elections because it is impossible to rule Kenya without the Kikuyu and the Kikuyu have now declared forcefully they are completely in opposition to Moi," said Mr David Throup, a Kenya specialist at Keele University of the UK who observed the elections.

Tougher Bank action likely on fraud cases

By Robert Peston, Banking Editor

THE BANK of England is likely to become more aggressive in closing down or limiting the activities of banks suspected of fraud or ineptitude, according to the head of a new Special Investigations Unit within the Bank.

The unit - headed by Mr Ian Watt, a former partner at accountants KPMG Peat Marwick - was set up following criticism of the Bank's role as supervisor of the Bank of Credit and Commerce International, the corrupt international which was closed in 1991.

"The shift [in the Bank's supervision policy] may be from 'well one can't act [against a bank] unless it's absolutely certain that one's fears are justified' to being prepared to act quickly in the interests of depositors when the evidence suggests that there is something seriously wrong", Mr Watt said.

"We want to detect the fraudsters at an early stage and strangle those, string them up as quickly as possible. but in the course of detecting them we must not provide such a blanket approach as to hang any innocents," he added.

His remarks were contained in an article in the *Old Lady*, the Bank's staff magazine, which also contained an interview with Mr Peter Peddie, a former partner of the solicitors Freshfields.

Mr Peddie has been appointed to take charge of the Bank's new Legal Unit, which will advise the supervision department on its powers to take action against banks suspected of fraud under the 1987 Banking Act.

Mr Peddie said bank supervisors across the European Community must employ a set of agreed minimum standards in their approach to banks suspected of corruption. He said this was essential since EC banks will from the beginning of the year have a passport to set up anywhere within the EC, under the Second Banking Directive.

The establishment of both the Legal Unit and the Investigations Unit were a response to criticisms of the Bank made in October by Lord Justice Bingham in his report on the Bank's supervision of BCCI.

RSC loses sponsorship contract worth £700,000

By Antony Thorncroft

ROYAL Insurance is not to renew its sponsorship of the Royal Shakespeare Company, Britain's leading Elizabethan theatre company, when its three year contract expires at the end of 1993. The contract is worth £700,000 a year to the RSC.

When Royal Insurance signed its first major deal with the RSC in 1988, the £1.4m contract was the largest in arts sponsorship. The contract was raised to £2.1m and renewed in 1991.

In the current financial climate the RSC will have problems finding a company willing to provide as much backing as Royal Insurance, and it might seek to make good the shortfall in its income with smaller contributions from a number of sponsors.

The loss of the Royal Insurance sponsorship will not force the RSC to make any immediate economies. Its annual turnover is £23m and its most recent production in London's Barbican Theatre. Kenneth Branagh in *Hamlet*, attracted a box office advance in excess of £1m and is playing to capacity houses.

Britain in brief

Supermarket challenges rivals' prices

J Sainsbury, the UK's biggest supermarket chain, launched an aggressive round of price-cutting by grocery retailers yesterday as it pledged to reduce prices on 750 lines from Sunday, including savings of 50 per cent on some items.

Competitors Tesco and Safeway were quick to unveil details of their own January promotions, raising the prospect of a price war, but most industry analysts dismissed this possibility.

"It's not the start of a price war, but it is a significant step up in the level of promotional skirmishing", said Mr Nick Bubb, retailing analyst at Morgan Stanley.

Replacement urged for ODA

Mr Michael Meacher, Labour's spokesman for overseas aid, has called for the Overseas Development Administration to be replaced by a department of humanitarian affairs amid claims that UK officials have failed to adapt to the spread of ethnic conflicts.

Teenagers opt for Europe

Eight out of ten British teenagers would look for work in Europe, according to a survey for TSB, the clearing bank. Only 20 per cent of 17 year olds believed they would never be unemployed, but many saw EC countries as an alternative career location.

Change on top

The ability to manage change is the most important characteristic of a good manager, according to a business survey by management consultancy Kinsley Lord.

CBI and Chambers of Commerce envisage recovery after year of bankruptcies and liquidations

Employers optimistic despite business failures

By Peter Norman, Economics Editor

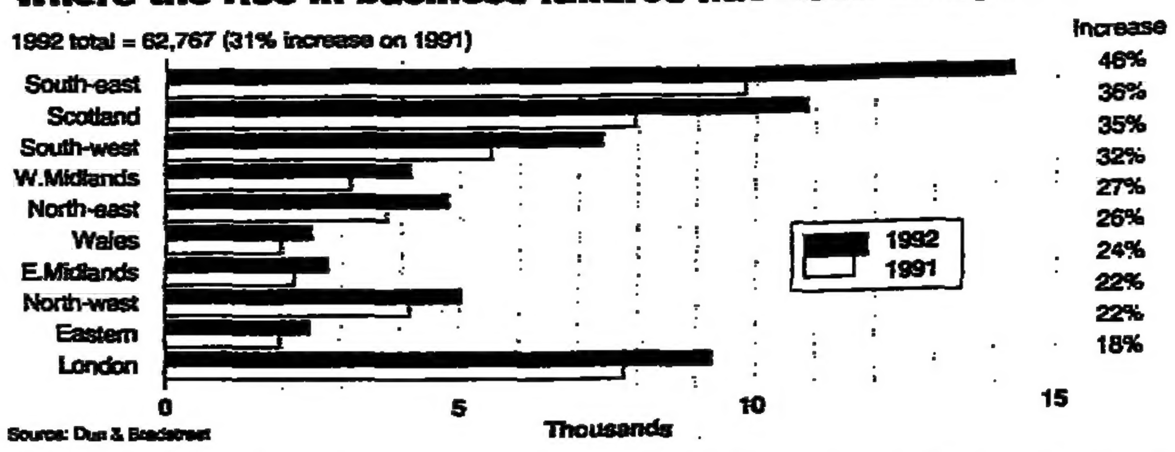
TWO of Britain's leading business organisations have ended 1992 on a guardedly upbeat note in spite of statistics yesterday showing company failures at a record this year.

Sir Michael Angus, president of the Confederation of British Industry, said there were good prospects for recovery during 1993 provided industry's improved competitiveness was not eroded by higher inflation.

Mr Richard Brown, director of policy at the British Chambers of Commerce, said business "should be able to look forward to a healthier 1993" and forecast that the economy would be in a better state at the end of next year than at the beginning.

Their comments came as Dun & Bradstreet, the business information group, disclosed a 31 per cent increase in business failures in Britain to nearly 63,000 this year. South-east England, Scotland and Greater London suffered the biggest concentration of failed businesses, together accounting for 54 per cent of all bankruptcies and liquidations in 1992.

Where the rise in business failures has been sharpest



Source: Dun & Bradstreet

However, Mr Philip Mellor, Dun & Bradstreet's marketing manager, said there were signs that the increase in company failures was slowing down. Although a record 16,222 companies failed in the fourth quarter of the year, the total was only 2.5 per cent higher than in the third quarter. Between the third and fourth quarters of 1991, by contrast, the number of business failures increased by 37 per cent to 14,245.

In his new year message to CBI members, Sir Michael said British companies were starting to benefit from the pound's lower exchange rate, lower interest rates and lower inflation while opportunities were being created by the European Community's single market, US recovery and growth in the Far East and Pacific regions. But he warned that UK manufacturers would be able to increase market share only if they kept a firm control of costs, including pay.

The toll of the recession on south-east England, Britain's most important economic region, was highlighted in official figures yesterday. The Central Statistical Office reported that share of gross domestic product attributable to the south-east, including London, slipped to 35.5 per cent in 1991 from 36 per cent in 1990.

Business failures reached a new quarterly high of 16,222 in the final quarter of this year. Liquidations of limited companies increased by 11 per cent to 22,938 in 1992 while bankruptcies, which generally apply to small non corporate businesses, sole traders and partnerships, increased by 47 per cent to 39,829. The statistics do not cover Northern Ireland.

But a Treasury spokesman said the business failure statistics followed the cycle of economic activity with a lag and that prospects had improved. Not only did Britain have low inflation, a more competitive pound and the lowest interest rates in Europe, but recent consumer and business confidence surveys together with anecdotal evidence such as the strong start to the winter sales were encouraging, he said.

Business seeks clearance on customs rules

Andrew Jack examines the readiness of UK traders to comply with European single market reforms

IN AN ageing tower block at Southend on England's east coast, Customs and Excise officials have been gathering in the last few months to introduce the statistical systems needed for the single European market.

In a newly-built office in Newry, Northern Ireland, staff re-allocated from the border with the republic are beginning work on administration of the value added tax (VAT) procedures which will be required from tomorrow.

In the 22 VAT collection regions around the country, investigative officers have been added to strengthen controls against smuggling, fraud and tax evasion.

In spite of the preparations, the single market - and Customs as its frontline representative - has been the subject of significant grumblings from a number of companies.

Many appear unaware of the changes which will be required. Others have conflicting advice from trade associations and consultants. Still more have been waiting for details to be announced.

From tomorrow border controls for traders with other EC countries will be abolished. The old statistical document with 54 questions which had to be presented at each frontier will be no more.

In its place, businesses will have to complete two new boxes on their VAT returns, giving the value of imports or exports to other EC states. Those in which either figure exceeds £35,000 for the year will also be required to file monthly statistical forms and regular sales-listing forms to Customs.

Those likely to find the transition most painful are the businesses just above this threshold: too large to escape the extra requirements, too small to have dedicated staff to deal with them.

Many see the new burdens without appreciating the benefits of increased speed at border crossings, because they used to delegate this administration to customs agents.

The lack of detail, meanwhile, has stalled final preparations. The directories required to complete the new statistical forms and the final document listing new procedures for businesses were distributed in the last few weeks.

Officials accuse many businesses in the UK of being more eager to criticise the changes than to embrace the opportunities of the single market.

Customs has taken the blame for the slow progress of its political masters. It was only in mid-December that EC finance ministers drew up agreements dealing with the treatment of antiques and yachts, for example.

At that time they initialled a simplification directive on the subject of "triangulation" by which a company in one EC country supplies a customer in a second state through a subcontractor in a third.

Privately, Customs officials despair at the attitude of many businesses - accusing them of being more eager to criticise the changes than to embrace the opportunities of the single market.

They also say there has been some self-interested scaremongering by consultants and computer suppliers hoping to generate extra business from unjustified fear of the changes.

They stress the UK has fought with other states to reduce the burdens on business. The number of questions on the new statistical form has been kept to a minimum and the proportion of companies required to file the forms has been reduced to lower levels than in other EC states.

Officers have visited almost all the 30,000 traders affected by the new procedures, in addition to an extensive programme over many months of distributing publicity material and hosting presentations.

That compares favourably with the position elsewhere. Mr Peter Wilmott, head of the EC Commission's indirect tax and customs directorate, admits :"It has been difficult to get firms to listen, but many member states have not made enough effort."

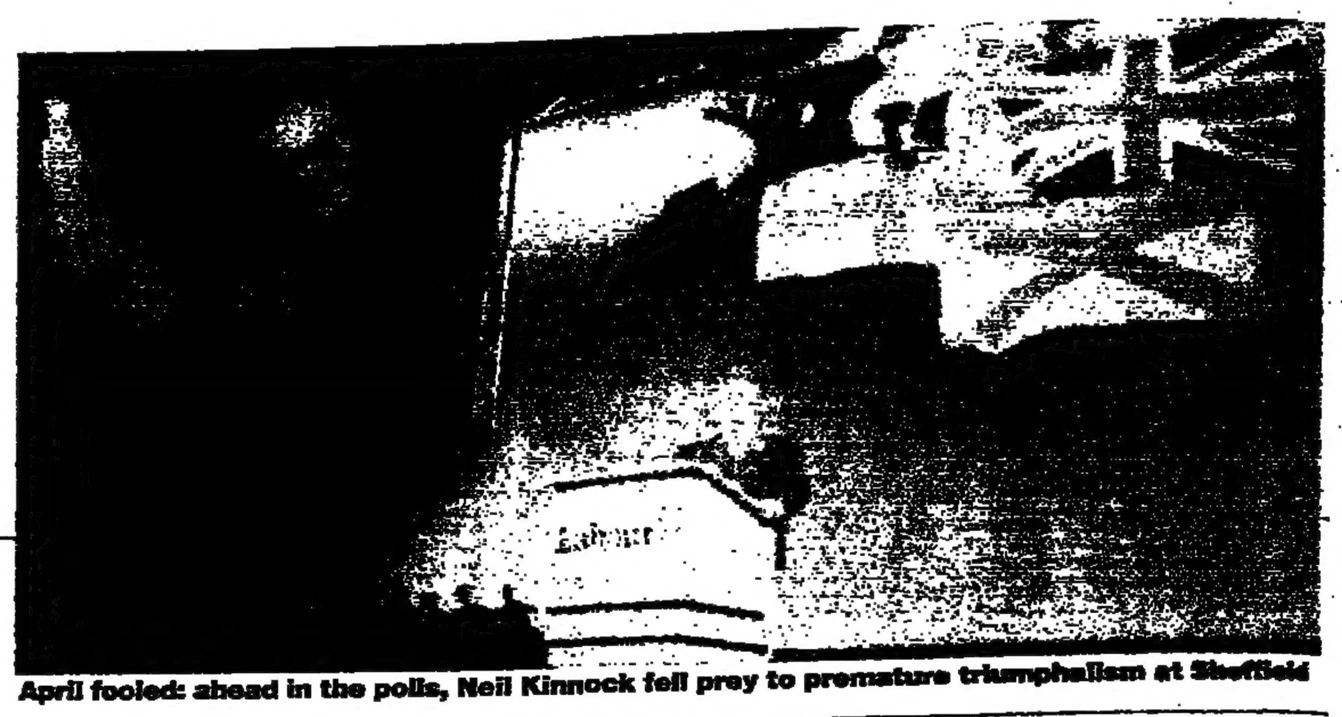
In the last few weeks countries such as Spain, Italy, Portugal and Greece have redoubled their efforts to notify businesses of the changes required. "Nobody believes we will have all the rules and that firms will know what they are meant to be doing on January 1," he says. "Until you test it, you can't be sure."

FINANCIAL TIMES

The year sterling broke down, Bosnia

1992
IN REVIEW

Two dollars for every pound! For a brief moment in September, US holidays looked cheaper for Britons than at any time since the early 1980s. But that was the high point of sterling's roller-coaster ride. On the day after John Major's election victory, the pound had soared three pfennigs against the D-Mark. For the next six weeks, hot money poured into sterling. But Denmark's No to Maastricht was the moment the roller-coaster went over the top. On August 27, with the pound less than two pfennigs from its ERM floor, the Bank of England spent nearly £1bn trying to prop it up. In vain. Speculators sold sterling through the floor, forcing the UK to suspend ERM membership on September 16, which was immediately christened Black Wednesday - showing the limits of Political Correctness. Within weeks of the UK's first official devaluation since 1967, the pound had slumped to DM2.37. But its subsequent bounce provides evidence for the belief that leaving the ERM may have put Britain on the road to growth. In the City these days, September 16 is Happy Wednesday.



April fooled: ahead in the polls, Neil Kinnock fell prey to premature triumphalism at Sheffield

DM per £
3.00 / 2.95 / 2.90 / 2.85 / 2.80 / 2.55 / 2.50 / 2.35 / 2.30

High: DM 2.945
May 8

MEDALLISTS

Gold
Rigoberta Menchu
Betty Boothroyd
Nigel Mansell
Linford Christie
Nick Faldo
The dream team
Chris Boardman
Barcelona
Toronto Blue Jays

Brass
"President of the Board of Trade"
Madonna
John Bryan
Stan Flashman
Antonia de Sancha
Alan Sugar
George Soros

You say **Amato**

I say **Tsongas**

I say **potatoe**

Excellent year
Not!

"I am not sitting here, some little woman, standing by my man like Tammy Wynette, I am sitting here because I love him and I honour what he's been through and what we've been through together. And if that's not enough for people then heck, don't vote for him."
Hillary Clinton

"David Mellor has said himself he's been foolish and we might well have to take his word for it. As a son-in-law, i can envisage worse. At my age you make the best of what you have and he is the only son-in-law I have."
Professor Edward Hall

"Girlfriends aren't something I have a problem finding," 12-year-old **Macaulay Culkin** home alone after ditching his 11-year-old girlfriend

Out for the count
Punch

Double whammied
Chris Patten

John Major salvaged his job with the aid of a soapbox

Speaking up
Yegor Gaidar
Umberto Bossi
Alan Clark
Jacques Delors
Bill Cash
Elizabeth Peacock
Milan Panic
Howard Davies
Jerry Hall

Singing out
Peter Brooke

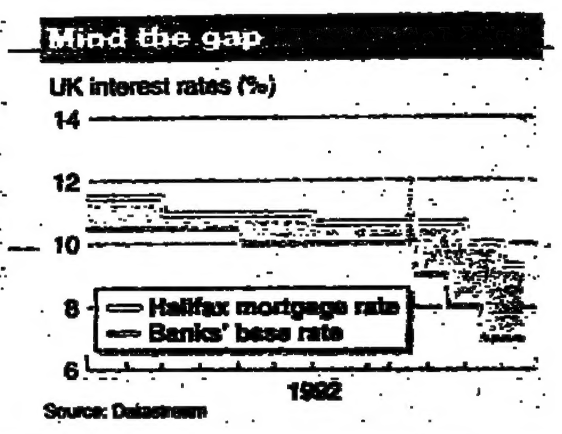
"What we will be left with is huge white elephants piercing the sky, having wasted billions to no advantage for local people."
Bryan Gould on Canary Wharf

"My dog Millie knows more about foreign affairs than these two bozos!"
George Bush on Clinton and Gore

"You know why I call him Ozone Man? This guy is so far out in the environmental extreme, we'll be up to our neck in owls and outta work for every American. He is way out, far out, man."
George Bush on Albert Gore

IRA bomb killed three in the City. Insurers dropped terrorism cover, but government agreed to provide a safety net

Mind the gap



Source: Datastream

Under new ownership
Perrier
Midland Bank
Ranks Hovis McDougall
Canaletto's "The Old Horse Guards, London"
Seattle Mariners
Freia Marabou
Dowty
The European
Habitat Europe
Ever-Ready
Muddy Fox
Belling
County Hall
DRG Packaging
Cope Allman
Lyons Maid
Swan National
Dan-Air
Drackett
Worcester Group
Cityvision
Thomas Robinson
Parker Pens
The White House

Spurned suitors
Hanson
Williams Holdings
Lloyds Bank
Kalon
T Cowie

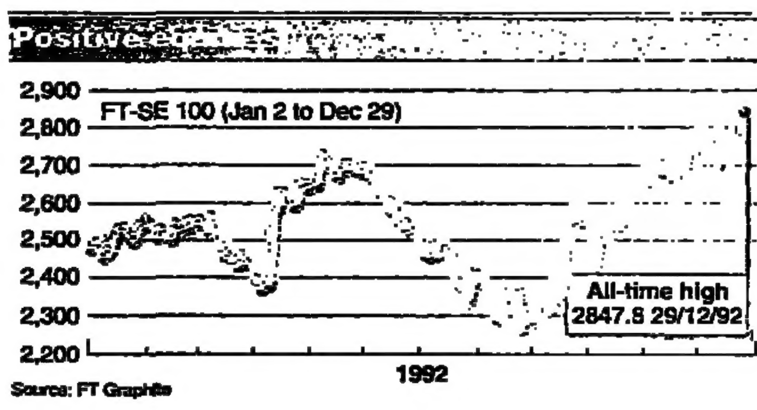
"He was the greatest living painter until he died."
Lord Gowrie, on Francis Bacon

National Guard was called in to restore order in Los Angeles

"Denmark appears likely to back the Maastricht treaty on European union by a comfortable majority when it votes tomorrow in the country's binding referendum on the subject."
FT June 1

"Where Shakespeare says 'To be or not to be', that is the question, Piet Hein a Danish philosopher says: 'To be and not to be, that is the answer.' That is what we are going to look into now."
Danish foreign minister, June

Positive e...



Source: FT Graphite

Achy breaky hearts
Charles and Diana
Andrew and Fergie
Woody and Mia
Nelson and Winnie
Czechs and Slovaks

Airy fairy tales
Euro Disney
ERM
Maastricht
Subsidiarity
Family values
Royal marriages
Eldorado
"Safe as houses"
The single market

Cultural elite
Murphy Brown
Tina Brown
Derek Walcott
Michael Ondaatje
Barry Unsworth
Spike Lee
Thom Gunn
Saxophonists

In
Abimael Guzman
John Gotti
James Guerin
Peter Clowes
Mike Tyson
Leona Helmsley
Fred Bushell
Todor Zhivkov
Erich Honecker

Out
Judith Ward

"In plain Texas talk, it's time to take out the trash and clean out the barn."

"I'm just the grain of sand in the oyster, and I irritate the oyster until the pearl comes out."
Ross Perot

Beyond the pale
Slobodan Milosevic
Ethnic cleansing
Neo-Nazis

"We didn't know you have to move around the city with gunmen."
US marine in Mogadishu

More boring than it sounds
"Sex" by Madonna

Vice versa
"Accounting for Growth" by Terry Smith

January

■ John Major tempts providence on New Year's Day for the first of many occasions, dismissing devaluation as "a silly way to proceed". Sterling falls below its ERM limit shortly afterwards, a sneak preview of the silly season eight months later. British Steel kicks off a long series of job losses by announcing proposed closure of Ravenscraig. Windsor Safari Park calls in the receivers; the animals are wild, creditors are livid. President Bush speaks on the State of the Union but more attention is paid to the state of Kiichi Miyazawa's trousers after Bush is sick in the Japanese premier's lap at a Tokyo banquet. Lloyd's, the London insurance market, unveils a reform programme which includes changes to its old principle of unlimited liability; Kevin and Ian Maxwell neither admit liability nor answer any questions when a parliamentary select committee asks them about missing money from the Maxwell group pension funds. Sir David Walker announces he will step down as chairman of Securities and Investments Board; he is replaced by Andrew Large,

February

■ US consumer confidence falls to its lowest level since 1974 and right wing commentator Pat Buchanan gets a surprisingly high 40 per cent share of the vote in the Republican New Hampshire primary. But most observers still predict Bush will win since leading Democratic contenders are another liberal Greek from Massachusetts, Paul Tsongas, and an Arkansas governor dogged by charges of adultery and draft dodging, Bill Clinton. The slow pace of British justice is demonstrated as Peter Clowes is sentenced to ten years in prison for his part in the Barlow Clowes affair, four years after the investment group failed and the second Guinness fraud trial collapses nearly six years after the bid battle for Distillers. Plenty for new lord chief justice, Sir Peter Taylor, and director of public prosecutions, Barbara Mills, to consider. The annus horribilis gets into its stride as Australian PM Paul Keating puts his arm round the Queen and his wife fails to curtsey. British Airways suffers a frustrating case of coitus interruptus as it calls off merger talks with Dutch airline KLM.

March

■ Norman Lamont's Budget introduces new 20 per cent income tax band on first £2,000 of taxable income, to benefit lower income workers and make it harder for Labour to criticise. Major calls an election for April 9; opinion polls show the main parties neck and neck. John Smith reveals a shadow Budget with steep tax increases for those earning more than £25,000 a year. Campaign descends into farce after the name is leaked of sick child featured in Labour party political broadcast on National Health Service waiting lists. While "War of Jennifer's Ear" rages in Britain, Ross Perot's ears become cartoonists' favourites as he offers to run for president, introducing oxymoronic concept of a "billionaire populist". Huge financial problems are revealed at Gerald Ronson's Heron Group and at Olympia & York, developers of Canary Wharf, proving that giving a project an avian moniker does not make it a high-flyer. Tiny Rowland's Lonrho sells a one third stake in Metropole Hotels to Libya. US and UK consider Libyan asset seizures. Will

April

■ Conservatives prove opinion pollsters wrong, winning UK general election with 21 seat majority. FT editorial on election day raises eyebrows. Neil Kinnock resigns as Labour leader after nine years; Hans-Dietrich Genscher resigns after 18 years as German foreign minister; Edith Cresson is sacked after 10 months as French PM; Betty Boothroyd becomes first woman speaker of House of Commons in the six centuries since the post was created. Nelson and Winnie Mandela agree to separate; Princess Anne divorces Mark Phillips; Lloyds and Hongkong & Shanghai Bank each announces plans to tie the knot with Midland Bank. Australian tycoon Alan Bond is declared bankrupt; Wal-mart founder Sam Walton dies. Co-Op Bank says it does not want to deal with "unethical customers" such as hunters and testers upon animals. Insufficient customers of whatever ethics spell the end for Lymeswold cheese and Punch. Los Angeles is devastated by the worst US riots since the 1960s after the acquittal of four policemen

May

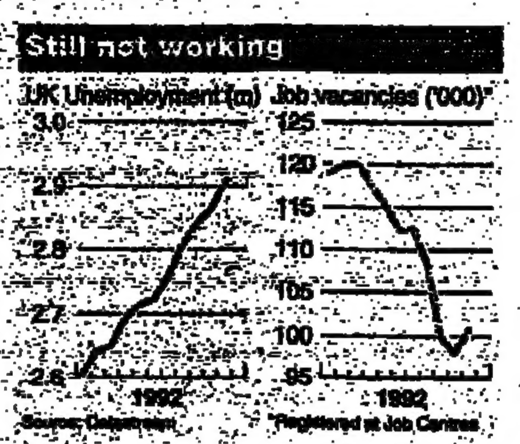
■ The FT-SE 100 index reaches record high in post-election euphoria. Base rates are cut by half a point to 10 per cent. Tory party gains 300 council seats in local elections. Sir Norman Fowler becomes Tory party chairman. Department of National Heritage is created under rising ministerial star David Mellor. Olympia & York files for insolvency protection and Mountleigh goes into receivership. BSkyB and the BBC clinch a £304m deal to televise English soccer's new Premier League. The United Nations imposes sanctions on Serbia and Montenegro as Sarajevo is bombarded. Thai prime minister steps down after wave of domestic unrest. There are calls for the resignation of Brazilian President Fernando Collor after his brother makes allegations of corruption. European Community ministers agree to reform the Common Agricultural Policy. The Cadbury committee proposes reforms in UK corporate governance. Dan Quayle criticises TV character Murphy Brown for having a child out of wedlock. He attracts ridicule for ignoring the

June

■ Ian and Kevin Maxwell are arrested, Caspar Weinberger is indicted on Iran-contra charges (George Bush will pardon him on Christmas Eve) and Mafia leader John Gotti is sentenced to life in prison. Danes vote against – but the Irish for – the Maastricht treaty in referendums. Labour wins power in Israel. Americans opt for the image of young, rather than old, Elvis on a US new postage stamp. UK government announces the abolition of National Economic Development Council. Can it be that there are no longer enough British industrialists or trade unionists in employment to make meetings worthwhile? One industrialist to disappear is Robert Horton, ousted as chairman and chief executive of British Petroleum in a boardroom coup. Hongkong Bank wins control of Midland after Lloyds drops out of the battle. GPA, the aircraft leasing company, abandons its flotation plans. Queen's Birthday Honours include honorary CBE awarded to

Bosnia broke up and Clinton broke through

Fault lines
Opinion polls
Treasury forecasts
Los Angeles
Cambodia
Thailand
CAP reform
Macedonia
Ayodhya
Sarajevo
Oilseeds
GPA Group
London ambulances
Exam league tables
Isosceles
Imry
Jubilee line
With-profits policies
Thresher receipts



"Horton is ousted as head of British Petroleum."
FT, June 26

Spoilsports
The Bundesbank
French farmers
Euro-sceptics

Negative equity
Norman Lamont
1.5m British households
Canary Wharf
Olympia and York
Lloyd's Names
Klöckner-Werke
Wang
Mountleigh
Rosehaugh
Windsor Safari Park
Alan Bond
Zandra Rhodes
Kevin Maxwell
Grupo Torras
Land Travel
Harshad Mehta
Burns-Anderson
Cammell-Laird
Factory Records
Barker & Dobson
Mount Banking
A F Budge
Aldershot FC


A royally horrible year: fire at Windsor Castle, tabloid tattle, family splits, a leaked Christmas broadcast. Next year taxes...

Substitutes
Bill Clinton
Albert Gore
Viktor Chernomyrdin
Pierre Bérégovoy
Lord Owen
John Smith
Margaret Beckett
Andrew Buxton
Ferdinand Piech
Robert Eaton
David Simon
Fidel Ramos
Kim Young Sam
Vladimir Meciar
Terry Robinson
David Rowland
Peter Emms
Itamar Franco
John Cahill
Sir Norman Fowler
Derek Wanless
Yitzhak Rabin
David Montgomery
Dieter Bock
Padraig Flynn
Tim Laurence

"One only has to go to Scotland for a moment to understand the Scottishness of Scotland."
John Major

"Those whom the gods would destroy they first grant the presidency of the European Council of Ministers."
Mark Almond, Fellow of the Institute for European Defence and Strategic Studies


Britain's Chris Boardman won the Olympic pursuit gold in record time on his LotusSport cycle

"There is a religious war going on in our country for the soul of America. It is a cultural war as critical to the kind of nation we will one day be as was the cold war itself"
Pat Robertson

"We are America. These other people are not America"
Richard Bond, Republican national chairman

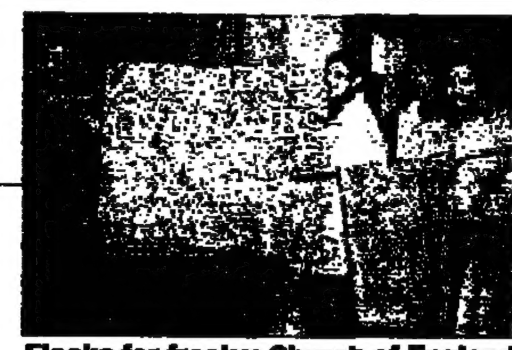
Market-testing
Classic FM
Premier League
Taunton Cider
Unison
Zeneca
The Telegraph
Kenwood
Dorling Kindersley
MFI
Anglian Windows
National Express
FT-SE Mid 250
FT-SE A 350

"Devaluation would not help recovery. It would lead to a collapse in market confidence and a damaging rise in interest rates. If Britain withdrew from the ERM we would see a huge fall in the pound and an explosion in inflation."
Norman Lamont, September 8

"There is going to be no devaluation, no realignment. The soft option, the devaluer's option, the inflationary option would be a betrayal of our future and it is not the government's policy."
John Major, September 10

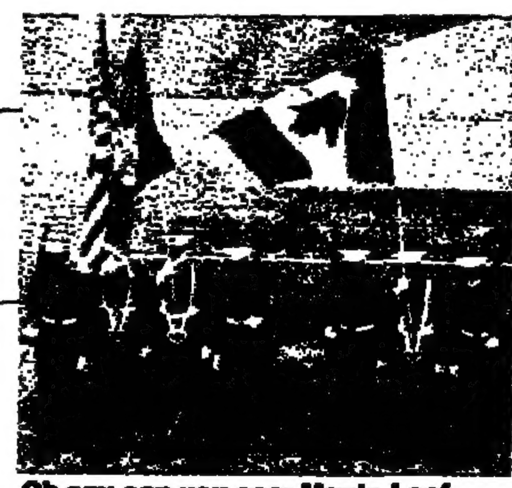
Green shouts
The Earth Summit

Gatt on with it!
Uruguay Round


Flocks for frocks: Church of England general synod voted to allow women to be ordained as priests

Reversal of fortune
James Baker

Justice with a capital J
Brian Smedley


Oh say can you see: Maple Leaf Rag at the home of the Braves

Out of the running
George Bush
Dan Quayle
Neil Kinnock
Roy Hattersley
Ray MacSharry
Robert Horton
David Plowright
Fernando Collor
Roger Shute
Gerald Ratner
Octav Botnar
Sir John Quinton
John Michael Clegg
Robert Stempel
Edith Cresson
Charles Haughey
Tom Frost
Yitzhak Shamir
Carl Hahn
Henry C Clarke
Tony Millar
Philip Green
David Gower
David Mellor
David Coleridge
Shin Kanemaru
David Backhouse


Starvation and anarchy in Somalia prompted the US to send troops to support the international relief effort


Europe was visited by spectres of its past, from the camps of former Yugoslavia to the fire-bombed hostels of Germany. But pictures could not capture the worse, unspeakable horror in Bosnia: ethnic cleansing and organised rape

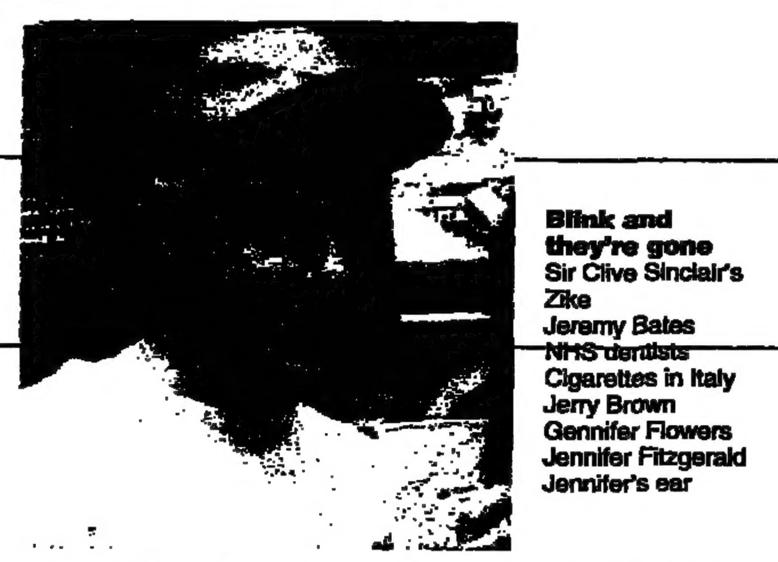
Goodbye
Columbus
Johnny Carson
Vaclav Havel
Subic Bay
NEDC
Roh Tae-woo
Wages councils
Corazon Aquino
Sir Harry Solomon
Folies Bergère
Lymeswold

Low: DM 2.395
October 5

With friends like this...

"It was the Sun wot won it"
Headline after UK election

To McDonalds in a Razorback cap, Our boy Bill looks a decent chap, Jog enough and he'll lose his lap, That's the "where have all the flowers gone?" rap



Blink and they're gone
Sir Clive Sinclair's Zike
Jeremy Bates
NHS dentists
Cigarettes in Italy
Jerry Brown
Gennifer Flowers
Jennifer Fitzgerald
Jennifer's ear

"Piss off, we don't get up for another hour." Pandora Maxwell slams down the window. The door bell rings again. She throws up the sash. "I'm about to call the police."
"We are the police, madam. Would you please open the door?"

Edited by
Clay Harris
Designed by
Andrew Chappin
Graphics by
Joe Russ

"Who am I? Why am I here?"
James Stockdale

They told you so
Sir Alan Walters
Wynne Godley
Patrick Minford
Arthur Scargill

July

■ The media make their own news. There is controversy over coverage of David Mellor's affair with Antonia de Sancha (leading to quintessential tabloid headline "The Minister for Fun and the Actress"). New editors are announced for the Times, The Daily Mail, the Mail on Sunday and Evening Standard. Flotation of the Daily Telegraph flops, leaving 10m shares with the underwriters. Government apologises for the late arrival of British Rail privatisation and says the process will occur in stages, starting with the smoking carriages and the buffet car and ending up with the 6.53 from Haywards Heath. In the US, Ross Perot drops out of presidential race he never officially joined. Clinton chooses Al Gore as his running mate, is nominated at Democratic convention in New York, and jumps into 29-point lead over Bush in opinion polls. Federal Reserve cuts the discount rate to 3 per cent to revive the US economy; National Savings cuts the rate on its First Option Bond to revive UK building societies; top public employees see their pay award cut to 4 per cent to revive the government's credibility.

August

■ Hurricane Andrew flattens south Florida and part of Louisiana. Dollar hits all-time low against D-Mark. President Bush promises tax cuts at a Republican convention dominated by family values: Dan Quayle says "the gap between us and our opponents is a cultural divide"; he is proved right when it is revealed that Bill Clinton can spell "potato". Barclays chairman warns UK recession could last another two years. BP cuts dividend for the first time since first world war and announces 11,500 job cuts. Figures show personal bankruptcies up 80 per cent on the previous year. The QE2 hits rocks in shallow waters; while the Duchess of York sheds her socks and gets into deep water. Liquidation takes a new twist at the creditors' meeting of failed tour operator Land Travel when an angry client throws a glass of water over the chairman. North American Free Trade Agreement is signed by the US, Canada and Mexico. Norman Lamont makes early morning statement outside the Treasury to remove any "scintilla of doubt" about UK policy on the pound. Foreign exchange dealers mark his words and buy more marks.

September

■ It becomes a mortal insult to say someone has "sterling qualities". A currency crisis a day keeps European monetary union away; problems develop as the markets fear the consequence of a French "no" vote in the referendum on the Maastricht treaty. The lira is first to go, devaluing by 7 per cent. The Swedes are made of sterner stuff and raise short term interest rates to 500 per cent to defend the krona. Meanwhile, the Bundesbank does its best to ease the situation by lowering rates a massive quarter of 1 per cent. John Major says that a realignment of the pound would be a "betrayal of our future"; future is betrayed six days later. On Black Wednesday base rates are raised twice, finally (but temporarily) to 15 per cent, in a desperate effort to save the pound; foreign exchange dealers in London make millions speculating against their country's currency. The pound and lira's membership of the ERM is suspended. French vote "Yes" to Maastricht anyway and successfully defend the franc from speculative attacks. David Mellor resigns after losing the support of key backbenchers.

October

■ British Coal's plans to close 31 mines are first vigorously supported on grounds of economic necessity; then, in the face of a backbench revolt, the government orders a review of the closures and reprieves 21 pits in the meantime. Tory conference disrupted by a row over Europe, with Lord Tebbit launching a bitter attack on Maastricht. Major threatens to call general election if the treaty is defeated in parliament. Concern about the lack of a coherent economic policy prompts the Footsie to fall 103.4 points on the 5th. A base rate cut to 8 per cent helps shares to recover. The Americans fly the Canadian flag upside down at baseball's World Series. Ross Perot turns conventional wisdom on its head by re-entering the Presidential race. China warns it will overturn democratic reforms in Hong Kong after 1997. Former Hanson protege Greg Hutchings of Tomkins turns the battle for food group Ranks Hovis McDougall upside down by outbidding his old mentor. Germans throw eggs at Queen Elizabeth in Dresden; Lord Justice Bingham declares that the Bank of England laid an

November

■ Norman Lamont's autumn economic statement, which includes a 1 per centage point cut in base rates, receives backbench Tory approval; his credit card statement, which includes a visit to a Thresher's off licence, receives unexpected press scrutiny. Good news for taxpayers: Queen set to pay income tax in April. Bad news: the £60m bill for repairs after Windsor Castle and £4,000 of Norman Lamont's bill for evicting a tenant are being met from the public purse. The US electorate prefers to have a Bill in their hands to two terms of George Bush. Perot shows that money can buy you the love of 19 per cent of the electorate. Irish election results in no majority for any party. Trial of three directors of UK machine tool manufacturer Matrix Churchill collapses; government faces questioning about its involvement of sales of defence equipment to Iraq before the Gulf war. ERM in crisis again as Spain and Portugal devalue by 6 per cent; Sweden resists temptation to lift interest rates into quadruple figures and floats krona. EC and US agree trade deal on food, after US threatens sanctions.

December

■ The FT-SE 100 reaches an all-time high on hopes of economic recovery. Tristan Garel-Jones announces he will leave the UK government to spend more time with his family. The Princess of Wales will spend less time with her in-laws as she separates from Prince Charles. Big blues as IBM plans to cut 25,000 more jobs worldwide. British Airways is browned off and pulls out of a deal with USAir. Red faces in the UK government as the High Court rules that British Coal's pit closure plan is illegal. US troops are sent into Somalia to help famine relief effort. There are riots, and hundreds of deaths, across India after Hindu demonstrators destroy ancient mosque. Russian reforming PM Yegor Gaidar is forced out of office by the Congress of People's Deputies. EC grants the Danes concessions at Edinburgh summit in hope that voters will approve Maastricht in a second referendum. Swiss reject closer ties with rest of Europe. John Major says he has no plans for a January cabinet reshuffle. Judging by his 1992 record, ministers should start to clear their desks now.

MANAGEMENT: MARKETING AND ADVERTISING

Foreign companies are discovering consumer affluence in a fast growing market. **Simon Holberton** reports

Cracking the China syndrome

China has been a beguiling business opportunity for almost 200 years. In the 19th century it was the Manchester cotton spinners' dream to put a shirt on the back of every Chinese.

Today the dream remains the same, it is just the product that has changed.

Nestlé, the Swiss food company, is making a concerted push to expand its business in China. It recently bought the China assets of Dairy Farm, the Jardine Matheson-controlled Hong Kong-based dairy products manufacturer, to add to its existing interests in baby food products.

Procter & Gamble, the US consumer products group, has entrenched itself in Guangdong, China's fastest growing province, while its detergent advertisements can be viewed on television in Beijing.

Seven-Eleven, the mini-mart franchise chain owned by Dairy Farm, has established itself in Shenzhen, a special economic zone to the north of Hong Kong; Dickson Concepts, a Hong Kong retailer of luxury goods and owner of London's Harvey Nichols department store, is planning to manufacture and retail a line of luxury items specifically targeted at the Chinese consumer.

The increasing corporate interest in China's consumer market is linked to the growing affluence of an increasing minority of China's 1.2bn people.

But a recent study by McKinsey*, the US multinational consultancy, shows that companies wishing to tap the market should direct their efforts at the sizeable and growing pockets of wealth in China.

The study estimates that there are currently 60m Chinese consumers earning at least $1,000 (£657) a year, a level at which substantial consumerism becomes apparent, according to McKinsey.

Today "consumers in the more affluent areas of China may well be as rich as, or richer than, the average Malaysian, Thai or Indonesian consumer".

China's 60m-strong consumer market compares with 15m-20m for Malaysia, 25m for Taiwan and more than 40m in Korea.

By the end of the century the number of affluent consumers could rise more than three-fold to 200m when China will have a market for consumer durables that is, in terms of purchasing power and population, larger than most of the east and south-east Asian markets today.

The affluent consumers, however, are not concentrated in one area. The main markets are in southern China – Shenzhen and Guangzhou (Canton) – Shanghai and, in the north, Beijing and the nearby industrial city of Tianjin. McKinsey reckons that by 2000, 11 other cities and provinces will reach an average per capita income level of $1,000.

Nor is the market unified. China is a country of regions, many of which have been encouraged by past government policy to aim for self-sufficiency.

One of the goals of China's economic reforms is to achieve a unified domestic market by improving internal distribution.

For the foreign manager, as McKinsey points out: "In a country with a notoriously overburdened transportation and telecommunications infrastructure, carefully planned and effectively executed distribution and sales activities will inevitably prove key factors for success."

There are signs that China is relaxing the rules and allowing private companies to operate their own distribution networks.

In electronics, foreign joint ventures can now establish proprietary distribution and sales networks that allow direct access to consumers. This enables companies to bypass the state-controlled wholesale system.

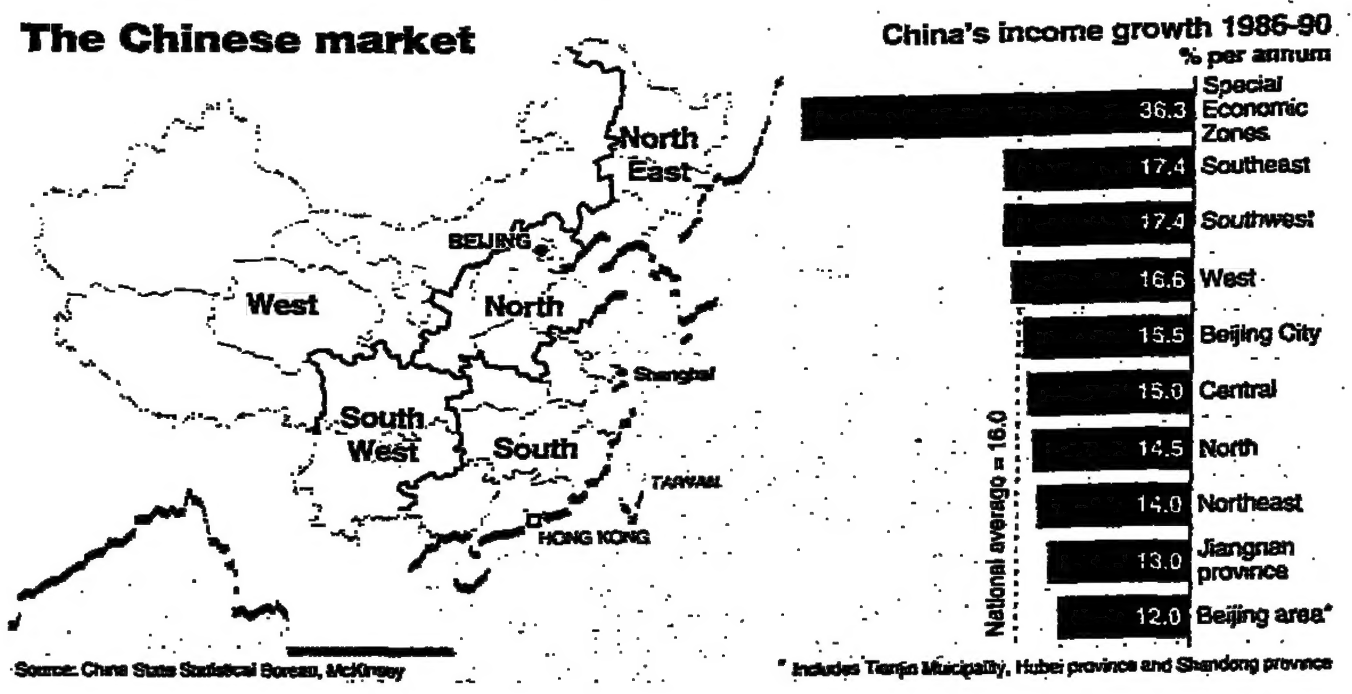
Another beneficial change for foreign companies is that they now have greater freedom to recruit managers directly from universities, government ministries and state-owned industry.

Foreign companies offer not only higher levels of pay but also a work environment that many Chinese professionals find more appealing than traditional state industry.

One Hong Kong computer and telecommunications equipment manufacturer, for example, had little trouble recently in recruiting more than 70 graduates in engineering from Beijing's best universities to work for it in Guangdong.

**A fresh look at China, Stephen M Shaw and Jonathan R Woetzel, McKinsey Quarterly, No 3, 1992.*

The Chinese market



Source: China State Statistical Bureau, McKinsey

* Includes Tianjin Municipality, Hubei province and Shandong province

Texaco adopts can-do approach to design

Gary Mead explains why the oil group is revamping its packaging

The advent of the European single market has encouraged more companies to reflect the shift towards trans-nationality in their products. The most immediate way to tell customers – and staff – that you are a multinational is through product and graphic design.

Texaco is one company which is going through a design revamp, turning a design hotch-potch of oil products aimed at the domestic purchaser into a single, unified look.

But the $1m (£600,000) which Texaco has ploughed into redesigning its domestic-user oil range since 1989 is prompted by more than a wish for cosmetic change.

According to Rudy De Pauw, general manager for lubricants and technology of Texaco Services Europe: "The European forecourt market (for motor oils and related products) is declining at 5 per cent a year."

Yet although the $250m European forecourt market for oil and oil derivatives is in such a parlous state – thanks to both the increased efficiency of cars and a decline in the number of people doing home maintainance – it is still worth $25m a year to Texaco, one of the five big suppliers.

De Pauw hopes that the re-design of Texaco's domestic oil packaging will shift Texaco's share from 10 per cent to 10.5 per cent annually, worth an additional $1.25m.

De Pauw also believes that another design change will not be necessary for five years; if his calculations are right, Texaco is thus looking forward to a total $6.25m return on its redesign investment.

He says: "What we are trying to do is get better brand recognition across Europe, to have throughout Europe a uniform recognition.

"We felt that not only was the previous packaging looking a bit tired and dated, but also we had a different type of packaging in every European country, and different styles of packaging even within the same countries. We discovered through our customer research that people felt our product ranges had a chaotic look."

Better by design: Texaco wants a unified look for its products

Texaco employed the London design agency Seibert Head to come up with a design that would tap into a common pan-European feel for colours.

They discovered that black is accepted everywhere as a colour associated with diesel oils; silver for premium oil products; anthracite for multigrade oils and light grey for ancillary products.

Certain packaging designs were rejected as not suitable. One plastic carton shape – rounded at the edges – was considered but thrown out when consumer-research suggested that customers associated the shape more with household detergents than motor oils.

And the new packaging is not just about looks; part of Seibert Head's brief was to come up with plastic bottles which pour smoothly and don't glug unpleasantly over customers' hands and feet.

"What we now have is a range of products designed to look as though they belong to a family, which we know makes people more attracted to them than before," says De Pauw. Furthermore, having a coherent packaging design reduces the cost of Texaco's other promotional activities.

De Pauw suggests that Texaco will make savings of between $300,000 and $500,000 annually, since having the same package designs throughout Europe means the company will be able to produce pan-European advertisements with the same look and message for all countries in which it operates.

In 1993 Texaco plans to return to television advertising across Europe; it is currently in the process of reviewing its advertising agency account and options.

De Pauw says that while packaging redesign can perhaps lubricate Texaco's image, "it cannot reverse the decline of sales to the home buyer. It's about getting an extra edge on market share."

US brewer moves ahead

When James Koch asked distributors eight years ago to carry beer from a brewery he had just started up in Boston, Massachusetts, none took him seriously.

"They thought it was a joke," Koch said. "We couldn't get a single distributor to take our brand." But they are not laughing any more. Koch's creation, the Boston Beer Company, whose flagship is the Sam Adams brand, is now the 13th largest brewer in the US, with 1992 sales up more than 60 per cent on 1991.

The beer is sold in nearly all parts of the US and has made inroads into Europe. In Sweden, for instance, Sam Adams is among the top 12 imported beers. "Having a good product is the best marketing strategy in the world," Koch said.

Koch's success is even more impressive considering the market he competes in. Sam Adams has a distinctive taste, a far cry from the mild variety Americans are used to drinking.

Starting out with no advertising budget and no distributor, Koch tried some novel marketing routes. He entered, and continues to enter, his beer in as many taste contests as possible.

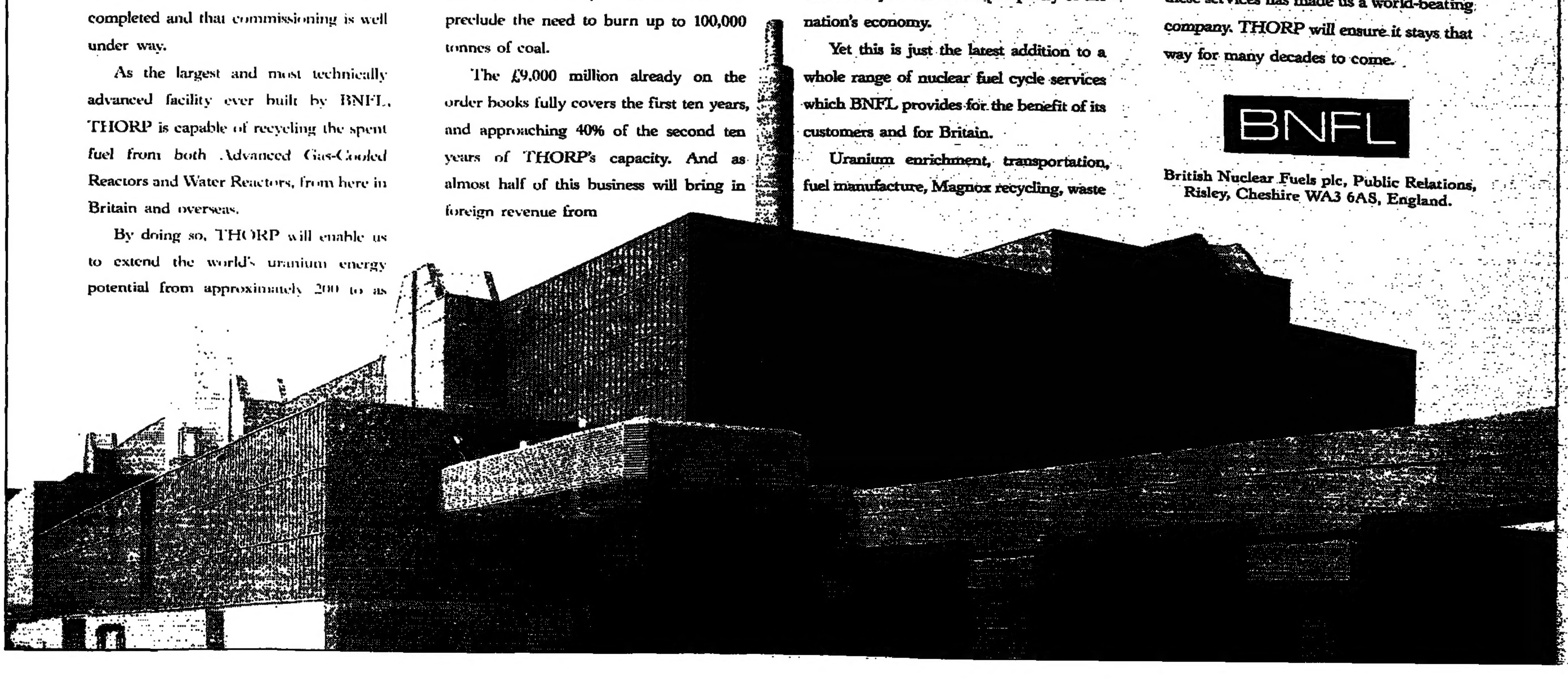
Winning awards for the best overall American beer four years in a row at the American Brewers' Association tasting contest brought Koch free publicity.

The company jealously guards the beer's quality. To make sure the taste is never compromised, the company prints expiry dates on its labels.

Koch recalls with humour the first days of Boston Beer Company's existence. "I had nothing but what was in the bottles," he explained. "Because no distributor would take on the brand, I had to go around to Boston bars myself, asking them to offer it to their customers."

Koch is uncertain how much the company will expand. "This is a strong-tasting beer which will probably only appeal to, say, 2 per cent of Americans. But 2 per cent of the US is a large market. And then there's the export market into Europe."

Victoria Griffith



Cinema in 1992/Nigel Andrews

The laws of time defied

The Western is dead: long live Clint Eastwood's *Unforgiven*. The heyday of the animated feature was 40 years ago: enter *Beauty And The Beast*. Woody Allen stopped making side-splitting self-portraits with *Annie Hall* and *Manhattan*: welcome, *Husbands And Wives*.

Cinema is exhilarating because you can never out-guess it. The art that earns its living by defying the laws of time – by re-enacting the past as an animated present – defies the clock in other ways. Just when you think a genre is 20 years past its resuscitate-by date (the Western), it jumps out from the morgue with six-guns firing. And just when you thought the Golden Age of feature cartoons was buried with Mr Walt Disney, Mr D's heirs perform a piece of necromancy that would have Walt himself applauding in wonder.

If *Unforgiven* and *Beauty And The Beast* are top films in the Ghosts of Genres Past event, Woody Allen's *Husbands And Wives* proves the truth of a well-known Andrews proverb: Truth is stranger than fiction until fiction is given a proper chance to prove itself. Allen's comedy of splintering relationships is more cogent, more enthralling, more surprising, more merciless and (goodness knows) more funny than any of the real events relating to this year's most famous showbiz furore.

"Real," of course, usually means as reported by the newspapers. And how real is that? Even I, unsaved by fact-checkers, once referred in an article to Woody's almost-fosterdaughter – she with whom he has been romantically involved – as Sun-Li. Should have been Soon-Yi. But there we go: facts turn to factoids with no malice aforethought. Which brings us to a second notable feature of 1992 in the cinema. What was historically real and what was not, and should we care?

Christopher Columbus, a bisexual Italian Jew (not many of those characteristics got into the movies), bestrode the Atlantic in three different films. He was Gerard Depardieu, George Coraface and Jim Dale, and his story was celebrated for no better reason than that the sun had risen 1,825,000 times, not counting leap years, since the original Columbus crossed the Ocean in 1492.

That was a trip that would lead ultimately to the discovery of Hollywood. And therein, doubtless, lay the film world's infatuation with this explorer. Columbus beached his landing boat in October 1492: the shudder in the sand engendering there Metro-Goldwyn-Mayer, Grauman's Chinese Theatre, the Walk Of Fame, Francis The Talking Mule, Greta Garbo, Charlie Chaplin . . .

And let us stop there again. Of the two C.C.s who became raw feed for the year's bio-pic bonanza Chaplin could be called the real messiah of the American Dream, working for 40 years inside its very factory, and Columbus his several-centuries-before John the Baptist. The Columbus film-makers were clearly frustrated that they could not get their hero to California. So in the case of the best film, Ridley Scott's *1492: Conquest Of Paradise*, they did the Hollywoodish next-best thing. They "put on the show right there." Part two of Scott's film was a wonderful visual extravaganza: a knees-up of the imagination that saw Columbus as a battered eco-hero before his time, at bay against savages noble and ignoble. The "facts" wilted before the onslaught of thrillingly choreographed half-facts.

No such luck or licence with Chaplin. The dominion of the checkable fact spreads across his whole life. So all Sir Richard Attenborough could do, apart from casting a charismatic curly-top from America as Charlie, was to have a framing device that nibbled at the edges of biographical record. (Anthony Hopkins played the hovering editor.)

This raised an important question. If the cinema cannot play fast and loose with history, should it bother to play with it at all? Since the average bio-pic based on a recent-times subject cannot present any warts in its hero – only Lux-clear complexions, it seems, will keep most filmgoers in their seats – perhaps we should insist that the form eschew subjects less than 100 years old. At that point the films usually feel free to demonise or mythologise, or at least to do justice to their subject's faults. If *Chaplin* felt inhibited by the freshness of history or the propinquity of Chaplin's surviving family, perhaps it should have waited until it did not.

Not that 100-year rulings are needed with all films. Look at the strength that freedom with truth gave to some truth-based films: *Bugsy*, *The Long Day Closes*, *Swoon*, *The Best Intentions*, *Husbands And Wives*. Though none "lied", all pushed, pounded and poeticised the facts until they turned to art. *Bugsy* was a dazzling free-form fresco of gangster life in Lotusland. Terence Davies's Liverpool auto-biopic, haunted by music and the movies, presented a childhood made mythic by memory. Tom Kallin's *Swoon* saw the Leopold-Loeb murder case through a shivered glass of new perspectives. And in *The Best Intentions* screenwriter Ingmar Bergman turned his parents' courtship and marriage into an epic of glowing Strindbergian power.

New lease of life to Westerns: Clint Eastwood and Jaimz Woolvett in 'Unforgiven'

Fidelity, whether to biographical truth or to literary text, is a pedant's virtue. At best, in adaptation movies like *Howard's End* and *Glengarry Glen Ross*, one admires the skill with which a film-maker holds the horses steady while a series of distinguished actors jump on their backs. Sometimes, too, fidelity is shocked into life by a blast-of-the-real as a story leaves printed page for great outdoors: as in Bruce Beresford's spectacular film of Brian Moore's *Black Robe*.

But the year's best films have been those where framing constraints are so boldly breached that we feel, Columbus-like, that we are sailing to the edge of known aesthetic world. *Husbands And Wives* threw away the recent Allen style of join-the-dots psychodrama for a searingly funny cinéma-vérité rampage. *Unforgiven* went far, and then went further, in unmasking the Old West as an place of barbarism. And *Beauty And The Beast* startled Disney observers by stretching the cartoon form to include not just state-of-the-art computer imaging but a strong-willed heroine for our feminist times. Disney has gone even further in its new *Aladdin*, just opened in the US, where the princess resembles some gangbusting female executive from Century City.

Meanwhile from *Europe* three films – Rivette's portrait of an artist *La Belle Noiseuse*, Kieslowski's schizophrenic love story *The Double Life Of Veronique* and Lars Von Trier's neo-Gothic Euro-fable *Europa* – also took us on strange trips. The films resembled those unnerving taxi journeys where you know that you are being led the long way round but are soon mesmerised by seeing all the things you never saw before.

Ten years ago we were all assailed with stories of the cinema's decrepitude. It was given six months to live by some, six hours by others. It still has ailments that should be cured: not least a self-referential *fin de siècle* narcissism already noted in these pages. But that the cinema will survive into the new millennium now seems beyond doubt. Here are ten good reasons why.

Unforgiven, *Beauty And The Beast*, *Husbands And Wives*, *La Belle Noiseuse*, *The Rapture*, *The Long Day Closes*, *Europa*, *The Double Life Of Veronique*, *Raise The Red Lantern*, *Black Robe*.

A feminist Belle in Disney's 'Beauty and the Beast'

High-style pulp for a holiday mood

When American freedom and democracy are in peril, the red telephone rings in Hollywood. National Security gets straight through to Central Casting and ensures that the right man gets the right job. But this has been the holiday season – no one at the right desks – and for a while it looked dicey for two rival crises. These were the Guantanamo Bay Murder Enquiry and the Save Whitney Houston Project.

Regarding the first: Who shall we get to confront the suspected villain in Rob Reiner's *A Few Good Men*? He is Colonel Jack Nicholson and he might have ordered the covert murder of a young Marine who was privy to a border shooting incident in America's Cuban base. Now the murderers are on trial, the Colonel is involved and we need a handsome, Galahadish lawyer to expose him.

Sounds like a job for Kevin Costner, last seen pleading for Western democracy and fresh supplies of glycerine in *JFK*. But then Costner could be saved for the title job in Mick Jackson's *The Bodyguard*. Lean, macho, all-American, with that Mogadon whine of a midwest voice, Costner is an ideal co-star for glamorous black singer-turned-actress Whitney Houston, here stretching herself in her first straight role to play a glamorous black singer-turned-actress.

Rachel Marron (Houston) is under threat from an assassin who sends hate mail. She will only make it to the climactic Oscar ceremony if a brave man protects her all the way. National Security's first casting thought was Tom Cruise – but this might have meant Nicole Kidman in blackface as the singer. So why not give Cruise the courtroom brief in *A Few Good Men* (no romance) and Costner the mission to control Houston? Twenty minutes of red telephone work and Washington is satisfied.

Whether filmgoers will be is something else. These two movies are high-style pulp from a writer (Lawrence Kasdan on *Bodyguard*) and a director (Rob Reiner on *A Few Good Men*) who should know better. Reiner for a while *seems* to know better. Adapting a play by Aaron Sorkin that ran for so long on Broadway that everyone forgot how close it was to *The Caine Mutiny*, he freshens it with fleet-footed staging and star acting.

Cruise is in fifth gear from the start as the Navy lawyer hero, a playboy-cynic who plea-bargains his way through courts and into female colleagues' beds. Only Lt Commander Demi Moore declines to recline. She wants him to wake up, grow up and take on the case she is investigating about a Marine base shooting. Meanwhile, out there in Cuba, Jack Nicholson's teeth and medals are flashing as if he were the Devil dancing in the pale moonlight.

A Few Good Men is potholed with predictability. Are we meant to *doubt* that Cruise will come good? Or that Cruise and Moore, though they never clinch, will exchange starry-eyed looks at the close? Or that Nicholson, the man with chips on his shoulders to go with the scrambled egg, will be the Fiend Behind It All?

Somehow the film still rattles along, taking us with it like onlookers whose coat-tails are caught in the tread of a tank. Cruise and Nicholson perform their pre-fabricated roles as if they thought they were fresh off the drawing-board: the youngster all face-cracking eagerness and wise-cracking zeal, the oldster dipping his grins in sulphur and his rage in saltpetre. As for director Rob Reiner, he still has enough loose-change humanism from earlier (better) films like *When Harry Met Sally* to give this juggernaut the occasional jingle of wit, charm and spontaneity.

The Bodyguard is in more serious trouble. For forty minutes it is sleek as a Chandler thriller. Into that existential beyond called Beverly Hills comes ex-White House protection agent Frank Farmer (Costner). Yes, he admits he failed to save Reagan from near-assassination back in 1980-whatever. But he was off-duty at the time and anyway a pop star is not a President. So Costner and Houston meet, put up the barred gates and video cameras and then – still 90 minutes to go – fall in love.

A FEW GOOD MEN (15)
Rob Reiner

THE BODYGUARD (15)
Mick Jackson

As anyone knows who has been a bodyguard, you cannot guard someone *and* fall in love. Your eyes will melt into theirs; you will use your samurai sword romantically to slice in two their blue silk scarf as it flutters from the ceiling; you will make passionate love: you will not, in short, be on the *qui vive*. So the difficulties accumulate. Costner and Houston try to escape being shot by going North to stay with his Dad. But Houston's sister is shot. They escape South to the Oscars, but Debbie Reynolds is nearly shot. Finally it is time for Costner to hurl himself across Houston's body as bullets ping and to perform (almost) the ultimate sacrifice.

British director Mick Jackson (*L.A. Story*) treats the twenty-year-old screenplay by Lawrence Kasdan (*Raiders Of The Lost Ark*, *Body Heat*) as a licence to print funny money. The Bank of Hollywood currency is here in full, fearlessly counterfeit circulation. The glutinous close-ups of multi-million-dollar stars; the richly twaddlesome supporting roles sketched in by Gary Kemp (PR person), Thomas Arana (suspect psycho) and Michele Lamar Richards (shot sister); and the satyriastic crane shots that plunge and soar all over the heroine's pink-washed, super-rich mansion.

But like *A Few Good Men* the film is never unwatchable: whenever credibility flags incredulity takes over. These are movies to start the year happily. Things can only get more sensible, but who begrudges a few hours of holiday mood before they do?

Nigel Andrews

Ballet/Alastair Macaulay

Ashton's indestructible 'Cinderella'

There can be no better Christmas fare in London than Frederick Ashton's romantic, funny, dreaming, brilliant 1948 three-act ballet *Cinderella*. Charming on first encounter, it rewards multiple viewings. Despite the celebrity of its earliest interpreters (Ashton and Robert Helpmann continued as the Ugly Sisters until 1976), it succeeds with several casts at each revival. Even if the comedy flounders, even if Cinders and her Prince fail to convince as love's young dream, the ballet still offers endlessly absorbing choreography.

The scene that best repays repeated viewing is Act Two – the ballroom. This is a strangely intense realm, mysteriously sophisticated. Steps ricochet around in beguiling theme-and-variations patterns as if this were a hall of dance mirrors. Why are the Prince's four gentleman dancing steps that we saw the Season fairies dance in Act One? Who are these courtiers, endlessly echoing the steps and characteristics of the Jester, or the Prince and his friends, or Cinderella and her fairy retinue?

How come Cinderella – who in the kitchen was the beating heart of the whole ballet – is now the most mysterious and elevated person in the whole ballroom? Why is the choreography often turned around, so that we keep seeing the dancers' backs instead of their faces? Through all this shimmering neoclassic construction blunder the vain, hapless Ugly Sisters, in desperate pursuit of all remotely eligible members of the male sex.

Everything – including the peculiar staccato emphasis of the steps – keeps accumulating. Till midnight: when the most thrilling, most terrifying episode of the whole ballet occurs. Time catches up with Cinderella; and hems her in. Fairies, courtiers, jester, prince all bar her way, trap her, keep hammering down steps into the floor and into the music's twelve midnight strokes of doom.

As danced today, the roles of the Ugly Sisters are weary collections of stale business. In this season's first two casts, only Derek Rencher is tolerable – a credible gorgon, looking like the Duchess in *Alice* – though he has no real wit. But David Bintley's funny walk is unfunny; and Steven Wicks and Oliver Symons are worse. These sisters have been conceived without affection, or coherent detail. Facial mugging abounds; the steps are under-danced. The clue to these characters lies in their choreography. (If you want to see how the Oompah Trot *should* look, watch Gracie Allen in the 1937 Astaire movie *A Damsel in Distress*.)

Cinderella, however, remains a beautiful role – and challenging. Viviana Durante (first cast) shows dance detail of ravishing clarity and liquidity. This performance, in terms of three-act stamina and musical timing, marks a new high in her career. So what do I miss amid all her accomplishments? A certain through-the-body decisiveness – and sheer heart. Cinderella, like all Ashton characters, has a real nervous system: which only entered Durante as she recalled the ball in Act Three. Her Prince, Bruce Sansom, could not have been more pretty or correct or Charming; but as a romantic hero he is all too Phillip Schofield.

The Bolshoi guest artist Nina Ananiashvili, though coping much less perfectly with the role's footwork and musical timing, is one of nature's Cinderellas – forlorn in the kitchen, blithe in the ballroom, tender and generous. I love her natural expansiveness, the elegant mobility of her torso, and her sweet good manners. Stuart Cassidy – always a model of virile charm, though slightly too solemn and with no particular brilliance – partnered her beautifully. No prince in this ballet has been so believable since David Wall.

Though *Cinderella* is among the most indestructible ballets Ashton made, the omens for its future are not cheering. As in *The Dream* this winter, there are few dancers amid the Royal's current corps or soloists who have the fleet, neat footwork or vigorous torso called for by Ashton choreography. Rarest of all is the knack of coordinating upper and lower body to rich and intricate effect; and without strain. As the Jester, Tetsuya Kumakawa – in no way an Ashton stylist – spins like a top, jumps like a gnat, grins like a chimp and is wholly unbearable. No texture, and no humanity.

The most elusive dance in the whole ballet is the Fairy Godmother's solo, because its musical phrasing (fast, to a slow melody) picks out a near-inaudible beat; Nicola Tranah is miscast in speed so delicate. Among the four season fairies, Karen Paisey (Spring) is pert and wispy, Genesia Rosato glamorous but insecure. Darcey Bussell dances with grand sweep, but with (her only serious flaw) a tight upper torso. The most exemplary dancing in the whole ballet came from Nicola Roberts (Autumn). Clean, light attack; youthful verve; natural harmony; musical incisiveness. Unless more people start to dance her way, Ashton's ballets at Covent Garden will die in our time.

In repertory at the Royal Opera House, Covent Garden, until February 3

Best of the theatre in 1992/Malcolm Rutherford

Either foreign, classic — or both

A year that started with Tony Kushner's epic *Angels in America* at the National and ended with Adrian Noble's production of *Hamlet* at the Barbican can hardly have been a bad one for theatre in Britain. *Angels* had an intellectual spread in the writing and an artistic depth in the performance rarely to be found in tandem. The same can be said of *Hamlet*, though Noble had a better text to start with.

There were at least 10 other productions that will remain indelibly in the memory. I list them in the order in which they appeared.

Gregory Hersov's production of *Romeo and Juliet* at the Royal Exchange, Manchester, where there was a strikingly wild Romeo played by Michael Sheen, probably the first to enter drinking from a bottle of Jack Daniels.

Uncle Vanya at the National's Cottesloe Theatre, directed by Sean Mathias with Sir Ian McKellen as Vanya and the entire cast playing to a perfection you will seldom see again. The pity was that there were so few performances.

Déjàvu by John Osborne at the Comedy Theatre where the Jimmy Porter of *Look Back in Anger* reappeared in middle age and was as articulate as ever.

Six Degrees of Separation by John Guare at the Royal Court, which showed the American talent for fast, witty and socially nuanced dialogue and had a wonderful performance by Stockard Channing, a woman who acts as well as she looks.

The Winter's Tale directed by Adrian Noble at the Royal Shakespeare Company's home in Stratford. There, one now realises, was the foretaste of the mastery of an entire text that was to come in this month's production of *Hamlet*.

The Voysey Inheritance and *The Madras House*, both by Harley Granville Barker, at the Edinburgh Festival. Here was a reminder of how strong the European theatre was in the early years of this century: educated plays for an educated audience. *The Madras House* had a new twist: the daughters doubled with the mannequins.

Le Baruffe Chiozzotte by Carlo Goldoni, which made a brief appearance at the National in a production by Giorgio Strehler's Piccolo Teatro of Milan. The dialect may have been hard to follow even for Italians, but it was a lesson in staging from which even the National can learn.

Pirandello's *Six Characters in Search of an Author*, which also passed through the National in a production by Franco Zeffirelli. I singled out the playing of Benedetta Buccellato as the step-daughter, but it was a team performance *par excellence*.

The Tempest, directed by Yukio Ninagawa on a visit to the Barbican. Once again here was an indication that however good our home ensembles have become, outsiders still have something to teach in the way of technical perfection and elements that go beyond the words.

There were, of course, other incidental pleasures in the course of the year. It was bold of the National to revive the original *Pygmalion*, and you would have to be dull of soul not to enjoy Maria Aitken and her supporting cast in Noel Coward's *Hay Fever*. Timberlake Wertenbaker's *Three Birds Alighting on a Field* had a new outing at the Royal Court and showed that it is still possible to be both contemporary and witty. The fringe continued to please, led by The Gate with its European season and The Bush with its performance of Billy Roche's Wexford Trilogy. Those two pub theatres, in Notting Hill and Shepherds Bush respectively, have become an essential part of the theatre scene, often heavily oversubscribed.

Only one new British play reached this top 12 — John Osborne's 'Déjàvu'

Yet if you look at the list above, several facts stand out. Most of the plays are either foreign or classics or both. The two best modern plays were American: *Angels in America* and *Six Degrees of Separation*. Shakespeare, whether native or imported, accounts for four of the 12 entries. Two of the Shakespeare productions – *Hamlet* and *The Winter's Tale* – are by the same director: Adrian Noble. Much of the best work has taken place on the stages of the two big subsidised theatres, the National and the RSC, especially if one includes the imports. The Granville Barker plays do not fit into any particular pattern; they are revived periodically.

That leaves only one new British play in the top 12 productions of 1992: *Déjàvu*. And while I admired it a great deal, I have to admit that it flopped. Some people reminded us that they had never liked *Look Back in Anger* in the first place and did not want to revisit it. A younger generation knew little about the original excitement and therefore had no interest in Jimmy Porter 35 years on. Osborne has suggested that he will not write for the theatre again, but the conclusion is sadder than that: there is now no school of British dramatists writing about the present in the way of Osborne and his fellows in the 1950s and 1960s.

Perhaps we should not be too surprised. Great waves of new new theatrical writing do not come very often. There was the Elizabethan/Jacobean explosion matched, as the Gate has been showing us, by a similar golden age in Spain with such playwrights as Tirso de Molina. Then there was the more intellectual departure around the beginning of this century not only with Granville Barker and Shaw in Britain, but Ibsen and Chekhov abroad.

The apparent new take-off in the mid-1950s does not look nearly so revolutionary with hindsight. As the revival of *Billy Liar* at the National demonstrated, what seemed like youthful, northern rebellion in 1960 now appears old hat. In the end, the rebellion was tame. Fresh fields for protest have not yet emerged. Indeed there is a preference for nostalgia, as in Jim Cartwright's *The Rise and Fall of Little Voice* where the young heroine specialises in singing the songs of Judy Garland and Gracie Fields.

Meanwhile we can take pleasure in re-exploring the old, and in imports – a not uncommon British phenomenon. The theatre has been extremely good at it.

There is also the musical, which had an interesting year. The best of the new was Stephen Sondheim's *Assassins* at the refurbished Donmar Warehouse. It flopped in America possibly because its launch coincided with the opening of the Gulf War. Here it showed that by choosing new themes, the musical still has plenty of room for development. Cameron Mackintosh had a shot at new frontiers in *Moby Dick*, which I enjoyed more than most of my colleagues.

Old musicals came back: notably *Annie Get Your Gun* with a dynamic Kim Criswell as Annie at the Prince of Wales, and *Carousel* at the National where one can admire the performance while bridling at the sentiment. I suspect that there are many good musicals still to be written and look forward to seeing them.

A final point: the theatre in Britain remains remarkably efficient compared with many other institutions. There is a great deal of hard, professional work, the curtain goes up roughly on time and you should compare the price of a ticket to that of other products before complaining that theatre is too expensive. What is needed most of all is a regular audience.

Alastair Muir

Peter Egan in 'Déjàvu', John Osborne's Jimmy Porter at fiftysomething

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Soft speech and big sticks

PRESIDENT George Bush, who made the phrase "new world order" fashionable in the autumn of 1990, quietly dropped it one year later, presumably because it had raised unrealistically high expectations. Indeed, in 1992 the phrase has come to ring uncomfortably hollow, especially in Europe. In an article in yesterday's Daily Telegraph the British foreign secretary, Mr Douglas Hurd, referred aptly enough to "the new world disorder", a phrase popularised earlier in the year by the French strategic analyst, Pierre Lellouche.

To Mr Hurd has fallen the task of managing the foreign policy of one of the five permanent members of the UN Security Council. He has thus found himself at the heart of such inchoate world order as there is. "'Something must be done.' That is," – he said in a speech last September – "an impulse which we all feel, and we should realise where that impulse leads us. It leads to the repainting of parts of the map of the world in new colours – but this time the blue of the UN rather than the red of England or the green of France or Russia." The concept of "benevolent international interventionism" might, he conceded, be attractive, "but we should not wander down the new road without serious thought." It would involve a restructuring of armed forces and a massive increase in the funds required from member states by the UN and its humanitarian agencies.

Clearly he was, and remains, uncertain how big a burden of this type public opinion in Britain, or in other countries, would be willing to shoulder. His instinct is to fall back on diplomacy; to emphasise (as he did in yesterday's article) that "war cannot be the eventual arbiter between Serb, Croat, Moslem or Albanian any more than it can between Israel and the Arabs".

Yet the article also revealed a foreign secretary painfully aware of his own argument's inadequacy. The trouble is, of course, that in the past war has all too often been "the eventual arbiter" between parties in conflict, and the Serbs clearly believe that it can be so in Bosnia. Up to now the war has gone mainly their way, with horrific consequences for the Bosnia Moslems; and unless the balance of force is changed by outside intervention, the "peace process" Mr Hurd favours can only ratify, or at best minimally adjust, the results of the war process.

So Mr Hurd finds himself playing "soft cop" to the "hard cop" of his American colleague, Mr Lawrence Eagleburger. He does not quite tell the Serbs he is on their side, but he dilates at length on his own dislike of military intervention, only to conclude by warning the Serbs that their conduct has "brought even those of us who hold that view to the point where we can imagine armed action against them". If this convinces the Serb leadership that the threat of such action is real and that they must retreat quickly in order to avoid it, well and good. But the constant display of doubt, by one of the main powers that will be called on to take armed action if it happens, has helped ensure that previous threats were not taken seriously, and may have that effect again.

Mr Hurd's anxieties about the use of force are legitimate. But he should be aware that the public airing of such doubts is not the best way to instil respect. Those whose task it is to enforce world order need to speak with greater self-confidence and firmness – in a word, with greater authority.

Thorp in trouble

BRITISH NUCLEAR Fuels must fear that its Thorp plant at Sellafield is a Christmas present it will never unwrap. The Thermal Oxide Reprocessing Plant for reprocessing nuclear fuel has taken nearly 10 years and about £2.8bn to build, but the government is now seriously considering whether it should be allowed to start up.

The Inspectorate of Pollution is near the end of the formal process of authorisation, but the government has rightly judged that there are large economic, industrial and foreign policy issues at stake and commenced wider consultations.

The arguments for reprocessing have changed since Thorp was given the go-ahead by the 1977 Windscale enquiry. Re-processing splits out reusable uranium and plutonium from "spent" fuel, leaving a residue of highly-radioactive waste. However uranium is still plentiful and cheap, contrary to fears a decade ago, and the suspension of research into fast-breeder nuclear reactors by the UK and France has removed much of the civil demand for plutonium. Meanwhile international concern that countries will acquire it for military uses has increased. Given the high costs of reprocessing, storage looks an increasingly attractive alternative.

Those changes cast doubt on the economic case for Thorp. BNFL argues that all of Thorp's capacity is booked for the next decade and 40 per cent for the decade after. On the basis of a report by consultants Touche Ross, it claims that the contracts are worth at least £900m in future cashflow at today's prices, after accounting for operating and decommissioning costs.

However it is unclear how much weight should be placed on those projections. Decommissioning costs for Thorp arise the moment the first load of fuel enters the plant, making much of the quarter-mile-long structure radioactive. BNFL suggests these costs could run to £1.2bn, but has declined to say how long a life it assumes Thorp will have, and so over what period these costs should be spread.

Moreover, two thirds of BNFL's contracts are with overseas customers, whose commitment may have begun to weaken. Thorp's German orders arose from a law which may be changed next year and Japan intended to feed the plutonium from its reprocessed waste into now delayed fast-breeder reactors. If customers pulled out, BNFL would receive compensation, but Thorp's prospects would be badly damaged. But the option of abandoning Thorp is in turn complicated by the fact that its construction has been financed almost entirely by prepayments from customers.

It is premature to judge Thorp's future, but it is clear a new set of environmental and economic objections must be addressed by an open and lucid analysis of the facts. Early publication of the Touche Ross report would be a start.

Flawed elections

DEMOCRACY HAS lost in Kenya's first multi-party poll for 26 years. Should the government of President Daniel arap Moi retain power, its claim to legitimacy will be based on an election process that was not free and fair.

The consequences for Kenya are unpredictable, but include a grave threat of instability. The failure of democracy in Kenya, once a role model for Africa, will have serious implications for stability in the region and for other transitions to democracy across the continent.

At best Kenya's angry opposition might settle for a strong parliamentary opposition which the country did not have before. But the millions of voters who queued so patiently deserve better. The west could have done more to ensure that they got it; and in doing so, it would have given greater credibility to "conditionality" – the policy that links aid to democracy and accountability in recipient states. Just over a year ago, Kenya's leading donors froze aid, calling for economic and political reform. Within a month President Moi lifted the ban on opposition parties.

Had those governments followed up their concerns by combining practical assistance with insistence that the election machinery be taken out of the hands of the ruling party, Kanu, the electoral abuses that were to follow could have been avoided.

In the run-up to the election more than 40 opposition candidates were prevented from presenting nomination papers, leaving the ruling party unopposed in 15 constituencies in the 188 member parliament. Then followed the suspicious "defection" of more than 40 candidates to Kanu. Civil servants acted as party apparatchiks. State-controlled radio and television fell well short of impartiality. Opposition allegations that state funds had been diverted to Kanu are unproven but certainly warrant investigation.

Kenya thus presents the Commonwealth, which is monitoring the election, with a critical test of the declaration made at its 1991 summit in Harare, Zimbabwe. This reaffirmed shared values of democracy and promised action in their support.

Monitoring the elections of member governments is a valuable way of putting the declaration into effect. If in its report on the election, the Commonwealth group fudges its conclusion and fails to make clear that the conduct of the election has been unacceptable, it will not only have done a disservice to Kenya. The Harare declaration and the new Commonwealth will have failed its first real test.

As Britain's new television companies prepare to switch on, **Raymond Snoddy** assesses their potential impact

Do not adjust your sets

The staff of Thames Television will put on their best clothes tonight to go out in style. By the time the last bong of Big Ben greets the new year, the largest ITV company will have handed over to Carlton Television and become Britain's largest independent producer.

For many viewers, the opening of A Carlton New Year with Chris Tarrant, Paul McCartney and London pop maestros Squeeze, not to mention "the crazy antics of Canadian funny man Marty Putz", will be the first outward sign of three years of turmoil and government intervention in ITV. For some, it turned out to be an opportunity, for others a nightmare.

Away from the screen, not much will be different. A pre-programmed computer at the Post Office Tower will simply make the switch from one company to the other, but the moment will still mark the start of the long-awaited revolution in commercial television – Mrs Thatcher's revolution.

As a result of the government's insistence on competitive tenders for ITV licences which were up for renewal in 1991, four companies lost their franchises, more money is going to the Treasury from ITV than ever before, and more than 1,000 jobs have been lost as winning companies axed costs to try to stay in profit. From tomorrow Channel 4 will also be competing rather than collaborating with ITV in advertising sales.

Just after midnight Carlton will be joined by two other new kids on the ITV block – Meridian in the south and south-east of England, and Westcountry Television. At 6am, Good Morning Television will take over the breakfast franchise from TV-am.

The broadcasting world is already dividing into two camps on the subject of ITV. There are those who believe that the network has been taken over by accountants and will in future be unremittingly populist and ratings-driven. On the other hand, many feel that in the face of increasing competition from satellite and cable television the move to more cost-effective television was inevitable – and anyway the changes will not be all that great.

"The continuity will be huge," insists Peter Ibbotson, director of communications at Carlton and a former deputy managing director of BBC Television.

Apart from the new year variety show the first flavour of a Carlton programme will come at 4.15pm on new year's day with Surprise Party. A celebrity will be confronted by a host of friends and colleagues who will tell stories of his or her life, favourite things and songs. The show will include secretly filmed footage. A taxi-driver who is not really a taxi-driver will try to provoke the celebrity into revealing something of themselves.

The programme will undoubtedly be a surprise to the celebrity involved, but hardly to the viewer. Not only will it be presented by Michael Parkinson, one of the most familiar faces on British television, but nobody is attempting to disguise the fact that this is a reworked version of one of the oldest programmes on British television, This Is Your Life, which will still pop up on Wednesday evenings, made by Thames, the independent producer.

"It's not a rip-off. It's just another way of doing it. We have to look at potential replacements for long-running formats," says Paul Jackson, director of programmes at Carlton.

Another programme with a familiar face will be Carlton's Good Getaways, which it hopes could be a potential replacement for Wish You Were Here, the holiday programme with an average audience of 13m also made by Thames.

"Some of the good, but oldest, shows just happen to be Thames shows," says Jackson innocently, sitting in his pink office with five television sets, four to keep an eye on what is happening on the four national channels and the other for London News Network.

Not every show is based on a tried and tested formula, however. Carlton's 100 hours of new network programmes for the first 35 weeks of 1993 range from from Head Over Heels, a rock and roll drama set in the 1950s, to The Good Sex Guide.

At Carlton's headquarters London's West End theatreland, the changes transforming ITV can barely be seen. Carlton's office are just – well – offices. They could just as well be occupied by an insurance company. There are no studios, and no programmes are being made. Carlton is a publisher broadcaster – essentially a commissioning house – directly employing about 300, compared with the 1,500 staff Thames had until recently for making its own programmes.

It is at LNN where the new face of independent television can best be seen. Carlton and London Weekend Television have together invested £14m to create a computerised transmission and broadcasting centre. The network, run by Mr Clive Jones, a refugee from TVS, which lost its franchise to Meridian, will give Londoners an integrated seven-day television news operation on ITV for the first time.

The newcomers are all increasing regional news output. Meridian is adding a third news centre in Newbury to cover the Thames Valley, and Westcountry will have no fewer than seven local news studios.

The main purpose of LNN is to bring national network news standards to bear on London Tonight, a 6pm-7pm, weekday news magazine for the region. But the news complex in LWT's London headquarters will also transmit all the output of Carlton, LWT and GMTV, the first time there has been such co-operation in London between ITV companies. Such co-operation is the shape of the future in a federal ITV system, where once there were 15 sets of everything – one for each company.

Some observers still think the companies which bid high to win their franchises will fail before 1993 is out as the recession continues to bite into advertising revenues. But the signs are that this will not happen unless the recession deepens: HTV believes it is out of the woods after taking £12m a year out of its costs; nearly 300 jobs have been shed following the merger between

Tony Andrews

The new face of independent television: London News Network

Yorkshire and Tyne Tees; GMTV has booked more than £50m in advertising before it goes on air – enough to cover its bid of £34.6m a year and the 15 per cent of its revenue it must pay to the Treasury.

Carlton, which bid £43.2m, is under budget. Its cash requirement will peak at £80m in the summer of 1993 at £20m lower than expected.

At ITV's central commissioning centre in London – another big innovation for the network – Andrew Quinn, chief executive of ITV, is becoming more optimistic. His big worry, that some of the high bidders would be too short of cash to sign up for their share of the £515m-a-year network budget, has not been realised. The sum is less than the Independent Television Commission, the commercial television regulator, suggested, but it is the same as last year's figure increased for inflation.

Quinn believes that £515m is enough to capitalise on ITV's unique selling point: its prime-time schedule, which has been taking a 42 per cent share of viewing figures and routinely trouncing the BBC in the ratings. ITV executives admit the network is going to be more populist, more determined to produce ratings winners and more responsive in a more competitive broadcasting market to the clients who pay for it all – the advertisers.

ITV has been publishing prospective ratings figures on new programmes for advertisers, and executives from the new franchise holders have been explaining their objectives to advertising agencies.

So far, however, controversial programme casualties are few. The Sunday night "God slot" – reserved for religious topics – moves out of prime time to make way for a film, while This Week, the award-winning Thames Television current affairs programme is replaced by Carlton's Storyline. In what some see as a suicidal manoeuvre, Storyline moves from 8.30pm to play against EastEnders, the BBC's most popular programme.

"It's been given a protected slot," says Andrew Quinn. As a result, it will not be expected to deliver the 8m or so expected from Granada's World in Action. ITV is still required under its licence terms to show current affairs but pressure may increase to move them from prime time if audiences drop.

Three years ago Sir George Russell, chairman of the ITC, hoped he could save 80 per cent of ITV's existing range and quality of programmes in the face of growing competition and the government's policy of competitive tenders which he did not approve of. "I think the 80 per cent should hold," says Sir George, though largely through an improved regional service balancing the popular programmes on offer during prime time.

"We have the job of making sure that what they offer is diverse and we will be chasing that all the time," Sir George promises.

Apart from the growth of regionalism, the ITC chairman believes "an unusually challenging mix" is emerging, which should keep ITV strong by broadening its programme sources. As well as the two new commissioning houses, Carlton and Meridian, there are the continuing 12 ITV companies, many of whom will still make a substantial number of programmes in-house, and Thames Television, offering both old and new programmes to the network centre.

For Sir George there are still two important items of unfinished business. One is the ITV appeal to the Monopolies and Mergers Commission against the Office of Fair Trading's rejection of its central networking arrangements with independent producers. The OFT claimed that the terms under which the network buys programmes from independent producers are anti-competitive. The second item is the question of ownership of ITV companies. From January 1 1994, ITV companies can be taken over by European Community companies, yet in the UK the nine largest cannot acquire each other. Though some industry insiders believe ultimate ownership is irrelevant to carrying out regional broadcasting obligations, Sir George will be raising the issue with the government.

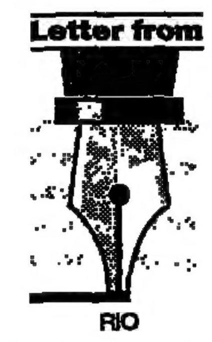
Tonight, as A Carlton New Year opens, European broadcasters may be starting to look towards takeovers in the UK. For Nigel Walmsley, managing director of Carlton Television, it will be the culmination of more than two years' hard work. For both Carlton, and the other ITV companies, it is unlikely to be the end of change.

"Market forces, different government policies and technology will keep broadcasting in a state of semi-permanent revolution," Mr Walmsley predicts.

Stranger than fiction

If, when your son reached nine, you discovered that he had been swapped at birth, would you want to keep the boy you had brought up or exchange him for your whiter-skinned biological son? This may have been one of the most momentous years in Brazilian history, climaxing in the world's first impeachment trial of an elected president, but the real dilemma exercising the nation concerns the plot of the top soap opera.

Letter from



RIO

Even more than football and samba, soap operas or novelas as they are known, are a national obsession, drawing audiences of up to 80m each day. On TV Globo, the main channel and home of the best novelas, more than three of the four peak-time hours from 6pm to 10pm are devoted to soaps, and seven out of 10 TV sets tune in nightly.

As each six-month serial reaches its close, restaurants empty at viewing time and, whether on the bus or in boardrooms, people talk of little else. Executives' lunches start with heated discussions on who should keep which son before progressing to minor matters such as 1,500 per cent inflation or the president's impeachment.

For Brazil, 1992 has been the year of the soap opera – in real life as much as on the television screen. In classic novela behaviour, the president's jealous younger brother denounced him for corruption, sparking off a filial feud which sent their mother into a coma. Young Pedro Collor's motivation was apparently a past attempt to seduce his wife by Fernando, the glamorous head of state who loves dangerous sports.

Moreover, the street campaign which ultimately brought Collor down was fuelled by a mini-novela, *Anos rebeldes* (Rebel Years), about protests in the 1960s against military repression, encouraged students to take to the streets singing its theme song.

That a novela could, however unwittingly, help topple an elected president shows their influence. Rio psychoanalyst Alberto Goldein explains: "They not only provide escapism from economic and psychological problems but also have enormous impact on the behaviour of people, particularly given the general lack of education."

This can range from simply copying an actor's hairstyle to far more radical effects. After the heroine in *De Corpo e Alma* (Body and Soul), the melodrama currently gripping the nation, almost died from heart disease and was saved by a transplant, the number of donors increased rapidly. The high incidence of children mixed up at birth exposed by the novela has forced hospitals to introduce DNA testing. In a challenge to the nation's machismo, *De Corpo e Alma* has introduced the concept of the "male-object", inspiring male strip clubs to spring up all over Brazil, attracting middle-class women.

Gloria Perez, writer of *De Corpo e Alma* and an old novela hand, believes, "novelas have a social function in putting themes into discussion and confronting taboos as well as fulfilling an important educational role compensating for the inadequacy of institutions".

For instance, characters always wash their hands before eating and practise safe sex. A pre-Christmas episode, showing characters taking gifts to a children's hospital, inspired a flood of donations.

Brazilian novelas are highly topical. All through the Collorgate scandal the most popular novela was *Deus Nos Acuda* (God Help Us), a satire on corruption which showed the characters drowning in a symbolic sea of mud as the opening shot. It told of a wayward angel, appointed as guardian of Brazil, who falls foul of the divine authorities because of the moral and economic turpitude into which the country descends. Throughout the run-up to impeachment, scenes were being written and aired within two days to keep up with the latest twists in the real-life scandal.

It is not just their topicality that makes novelas such a success. Daily polls are carried out to monitor audience reaction and storylines or characters are altered accordingly so that in effect the viewers almost write their own script. Perez employs a researcher to queue in shops and banks, sit on buses and chat to unsuspecting strangers about novelas.

Ironically the idea of airing novelas at peak viewing time was an accident. In 1969, Walter Clark, then director of TV Globo, had a programme scheduled for 9.30pm kept off the air by the censors. He was left with no option but to screen an imported novela. It was a huge success and in the 1970s Globo started making its own soaps, moving from traditional tearjerkers to topical themes. It began filming on location rather than on sets and attracting top actors, gradually building up an industry which made Brazil one of the world's top exporters of TV programme.

Brazilian Novelas can be seen from Bulgaria to Canada, Cuba to the United States and Malaysia to South Africa. Jorge Adib, head of novela marketing at Globo, claims "we permanently have one of our novelas showing in practically every country". Only the English have proved resistant.

The climax of the Collor novela came on Tuesday when the disgraced former President resigned just before impeachment hearings. Although his younger brother is now writing a grand expose, this year's events are not likely to end up on screen. "It's just too unbelievable," says Perez.

Christina Lamb

Triumphs in the face of adversity

FT writers assess the few world leaders who tasted success in 1992

Plastic spoon winners and runners-up: (from left) Rawlings, Talabani, Keating, first-prize winner Prof Amato, Barzani, Fujimori, Suchocka and Rabin

Nineteen ninety-two will go down as the year most of the world's heads of government would rather forget.

For the leaders of the industrial democracies, from Mitterrand to Mulroney, it was a year of economic disappointment and political disenchantment. Those who faced the verdict of the voters, either on their performance (George Bush in America or Albert Reynolds in Ireland) or their policies (Poul Schlüter and François Mitterrand in the Danish and French Maastricht referendums), found themselves subject to harsh, sometimes terminal, rebuke. Even for those who survived the test (Britain's John Major or Japan's Kiichi Miyazawa), electoral victory was only a prelude to deepening domestic difficulty.

Yet the encircling clouds were not completely bereft of silver linings. Surprising as it may seem, a number of presidents and prime ministers may well be looking back on this year with something resembling... not affection, perhaps, but quiet satisfaction. To recognise this fact and provide some seasonal consolation, the FT has decided to create a new set of awards, which shall be known, *faute de mieux*, as the Plastic Spoon Prizes for Political Achievement.

The PSPPA are fragile and readily disposable. To qualify you need to be a serving head of government (various definitions accepted) with at least three months in office (preferably much, much more); you have to have achieved a significant turnround in your own, your party's or your country's poll ratings/public image/international reputation/economic performance; and you should have a reasonable prospect of political survival beyond the next four weeks.

First prize this year – the Alchemist's Award – goes to the unlikely and diminutive figure of Italian Prime Minister Giuliano Amato. In six months as prime minister, this 54-year-old Socialist law professor has performed an extraordinary feat of alchemy, turning political dross into gold. The dross he inherited was the weakest of the 51 postwar coalitions foisted on the much abused Italian electorate, taking office amid an exploding financial crisis.

Most commentators wrote him off at the start as an ineffectual caretaker in hock to the vested interests of the ruling Christian Democrats and Socialists. But not only has Prof Amato survived; he has done more to reform the state in less time than any of his predecessors, and clawed back some of Italy's lost credibility abroad.

The secret of his alchemy has been clever exploitation of his weakness. Amato's political career was that of a technician in the shadow of Bettino Craxi, the Socialist leader. He was only chosen when Craxi was forced to forego his ambitions for the premiership as a result of a corruption scandal in Milan. More importantly, his coalition has depended on four parties discredited by a slide in votes at the April general election and a mere 16-seat majority in parliament.

All these negative elements he turned to his advantage. He has emerged untainted by the scandals surrounding Craxi; the party is in fact desperate he should take over. The coalition has been held together because he has let the parties squabble among themselves while he has got on with governing.

His main tactical weapon has consisted in continually invoking the dire state of Italy's finances. He once described the budget as a Christmas tree from which everyone takes something. There are no more presents. The urgent need to tackle the public sector deficit has enabled him to push through an emergency budget for 1992 and a tough austerity package for 1993, to reform the health service, pensions, the civil service and local administration, and to begin privatisation. In each case he has presented a blunt alternative: if the measures are not adopted, the government falls and worse will follow.

With a relaxed public style and quick wit, his popularity ratings are high. Arguably he has become indispensable to guide Italy through a delicate transition period while the parties agree on a new electoral system and Italy's public finances are put in order.

We have three runners-up in the political metamorphosis category. First, a soufflé spoon to Paul Keating, who as Australia's Labor prime minister has spent much of this year successfully disproving his favourite maxim that a soufflé never rises twice. Keating frequently uses the soufflé test to dismiss political opponents. But it could equally have applied to the demoralised Labor government he inherited from Bob Hawke last December. When Keating moved into The Lodge, the modest Canberra residence of Australian prime ministers, Labor was trailing the conservative opposition coalition by up to 18 points in the opinion polls.

A year later, Labor MPs are almost unable to contain their surprise at the prospect of a historic fifth consecutive victory in the next election, which must be held by June. The latest poll, by Newspoll for The Australian, has Labor 12 points ahead of the conservatives, compared with a deficit of 12 points at the end of October.

That turnround amounts to a dramatic political success for Keating, and a stunning rejection of John Hewson, leader of the conservative coalition. Keating has gradually diverted public attention from Labor's record by attacking the opposition's taxation and social policies, assassinating the character of Hewson, now widely known by the Keating nickname of "feral abacus", suggesting an out of control computer, and exploiting Australian nationalism.

His achievement is all the more extraordinary against a background of weak economic recovery which has raised unemployment to a postwar record of 11.4 per cent and twice forced the government to reduce its growth forecasts.

However, the volatility of the opinion polls suggests that the electorate has been signalling its dislike of opposition policies as much as approval for the government. And the opposition has just modified its most contentious policies in a radical overhaul of its election manifesto – a fact which could deflate the Keating soufflé as fast as it rose.

Second runner-up: Israel's Yitzhak Rabin. When 1992 began, Rabin's Labour party was in opposition, and he was not even leader of it. Twelve months later he is firmly esconced as prime minister, leading a government which believes it has the chance to deliver unprecedented peace with Israel's Arab neighbours and prosperity at home – although doubts as to his prospects of doing so in 1993 have increased following the crisis over Israel's expulsion of 415 Palestinians this month.

Rabin's remarkable political resurrection – he was previously prime minister in the mid-1970s – was launched in February when he unseated Shimon Peres as Labour leader in a ballot of party members. The June general election had already been called and Labour was desperate to avoid a fifth election failure under Peres.

As army chief of staff when Israel won its victory in the 1967 Six Day War, Rabin had the credentials to reassure an electorate always nervous about security issues – and especially about Labour's commitment to trade at least some of the occupied West Bank and Gaza Strip in return for peace with the Palestinians. The result was banishment into opposition of the Likud party for the first time in 15 years and Rabin's triumphant return at the head of a Labour-led, centre-left coalition.

After six months in office, the breakthrough in the Middle East peace talks in which Rabin has invested so much political capital has yet to materialise – indeed, the current controversy has thrown a dark shadow over the peace process. But relations with the US and Europe, which fractured under the Likud, are restored and the peace talks may yet yield agreements in 1993 with the Palestinians, Jordan, Syria and Lebanon.

Third runner-up, and winner of the John Major Award for emergence from obscurity, is Hanna Suchocka, who was appointed prime minister of Poland last summer and has since presided over an impressive, though still fragile, improvement in her country's economic and political fortunes.

In the first half of this year, Poland was in such a state of government crisis and economic slump that it risked becoming branded the sick man of central Europe. The surprise appointment of Suchocka, a tough-minded 46-year-old lawyer from the backbenches, provided a much-needed jolt. Unsullied by the infighting which has tarnished the Solidarity movement and the parties it spawned, she rapidly took hold of her ill-matched, seven-party coalition. Her brisk, no-nonsense manner appealed naturally to a population weary of factional struggles. Just as important, she managed to establish a *modus vivendi* with Lech Walesa, Poland's politically restless president who was in conflict with most of her predecessors.

Suchocka's arrival happily coincided with the first signs of export-led growth in the economy. But the advent of the new government also seemed to engender a new sense of confidence in the country at large, bringing her a crop of unusually high poll ratings. Buoyed by this support, she was able to ride out a wave of strikes in the early autumn, after which her government moved to arrange an "enterprise pact" with the unions and negotiated a new agreement with the International Monetary Fund.

All these achievements remain tentative. The enterprise pact has still to be signed, and trade union unrest is growing. Moreover, in the new year the going may get tougher. Suchocka's popularity is slipping and her backing for a controversial ban on abortion has cost her support among women. If these trends continue, the worry is that Poles will again begin to lose faith in their future, and the will to persevere with free-market reforms will fade once more.

Finally, three awards for unlikely achievement.

Sub-Saharan Africa has sunk to such a debilitated and impoverished state that a leader emerging from 1992 with any credit whatsoever has pulled off a considerable political achievement. One such is Flight-Lt Jerry Rawlings, the 45-year-old Ghanaian who in November managed the transition from long-serving military leader to civilian president, in an election which was effectively a referendum on Ghana's structural adjustment programme.

A mixture of fiery radical and hard-headed pragmatist, Rawlings fulminates against the shortcomings of the west. But he was one of Africa's first leaders to bite the bullet of economic reform. Since 1983 he has been implementing a World Bank recovery programme. He made no pretence of mastering the intricacies of measures he once described as "economic blah blah blah". But he saw no alternative cure for an economy ruined first by Kwame Nkrumah's autocratic socialism and then hit by the slump in cocoa prices.

A combination of devaluations, trade liberalisation, reductions in the budget deficit and cuts in the overstaffed civil service has brought results. When he went to the polls last month, he could boast an average real growth rate of 5 per cent a year and an inflation rate down from 123 per cent in 1983 to less than 20 per cent.

However, Ghana has yet to show that it can maintain growth without the substantial external assistance – more than $5bn – it has received since 1983. President Rawlings's toughest test may be yet to come: when aid falls, will the era of growth come to an end?

In Latin America, some of the bloom came off the continent's better known recent success stories this year. The leader who made most waves and came out, surprisingly, in a strengthened position, was Peru's President Alberto Fujimori, who wins the special award for Most Effective Japanese Leader of 1992. Fujimori's success was relative; after the disasters that have afflicted Peru in recent years, 1992 could hardly have been worse. None of the country's problems has gone away, and the economy is again in recession. The president's behaviour – in suspending the constitution and congress in April (his *autogolpe* or self-coup) – was also highly controversial.

Nevertheless, by the end of the year he had manoeuvred himself into a much more favourable position than at the start. He has regained international financial support for his economic programme. This involved some backtracking and the holding of elections, but he was left with a significantly more pliable Congress. His security forces also dealt a savage blow to Sendero Luminoso, the fanatical left-wing guerrilla group which has been posing a growing threat to the Peruvian state, by capturing its mysterious leader, Abimael Guzman, and parading him – balding, with middle-aged spread – on television.

The unlikeliest achievement of all in 1992 has to be that of the Kurds of northern Iraq. Against all the odds, they have remained free and united, in spite of being victims both of Saddam Hussein's regime and of the UN sanctions against it, as well as intermittent blockade by Iran, attacks by fellow Kurds from Turkey, and invasion by Turkish government forces. In May they elected their own parliament, and they have begun to rebuild their homes, farms and factories under their own autonomous administration.

Much of the credit for all this is due to their two leaders, Massoud Barzani and Jalal Talabani, who have overcome decades of rivalry to forge an effective partnership, symbolised by this year's elections. The result, certified free and fair by Britain's Electoral Reform Society, was a dead heat. Each man's party won 50 parliamentary seats, and in the presidential contest neither won an overall majority. Anywhere else in the third world this would surely have led to fighting. Instead, the two leaders formed a coalition and have indefinitely postponed the run-off ballot which should have decided between them. They have shown statesmanship, too, in ruling out both independence (which most of their supporters want) and any new talks with Saddam. Instead they used their enhanced credibility to unite the Iraqi opposition on a democratic platform with western backing.

Hardest of all, they have been prepared to fight Turkey's Kurdish separatists (PKK) in order to keep the vital support of the Turkish government – a policy which paid off in November when the PKK agreed to stop sabotaging their supplies and to move its forces away from the Turkish border.

In some places, mere survival is achievement enough to warrant a Plastic Spoon Prize.

By Andrew Gowers, Robert Graham, Hugh Carnegy, Kevin Brown, Christopher Bobinski, Michael Holman, Stephen Fidler, Edward Mortimer

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Unlikely to avoid tax

From Mr Stephen F Yeo.

Sir, The refund of pension surplus to Courtaulds Textiles may be justifiable on a number of grounds, but avoiding the payment of unnecessary tax (Lex, December 22) is unlikely to be one of them. A refund is subject to a free-standing tax charge of 40 per cent. It is not absolutely clear what tax treatment applies to a pension fund which chooses not to pay a refund, but tax at 25 per cent is likely on the proportion of income and capital gains which relates to the surplus. Tax only continues while the fund shows a surplus.

As Lex says, very few pension schemes can be certain to remain in surplus for long while the investment outlook is so uncertain. A fund which retains a surplus, therefore, has a good chance of paying less tax than one which refunds one. That said, it is true that the assumptions for determining whether a surplus exists are cautious and Lex may well be correct in saying that benefits are unlikely to have been put at risk.

Stephen F Yeo,
Clay & Partners,
Carnegie House,
Peterborough Road,
Harrow, Middx 2AJ

Where coal presents an environmentally unacceptable face

From Mr A Cawood.

Sir, Although David Lascelles addressed a number of major issues on global pollution in his article, "The grimy face of coal" (December 29), he failed to mention the very environmentally unacceptable face of coal which greatly affects local communities where coal is mined and used in the production of electricity.

The Selby coalfield, "the jewel in the crown" of British Coal, was granted planning permission in 1976. At that time it was stated that the 10m tonnes output of pure low sulphur coal would go straight to Aire Valley power stations without any visible coal stacks locally and no colliery waste would be produced. In reality, we now have a coal mountain of around 0.75m tonnes and a waste problem which could easily reach 3m tonnes per year, much of which may have to be disposed of locally.

A planning application is expected early in the New Year to develop 400 acres of prime agricultural land adjacent to the one at South Kilford as a colliery waste disposal site. According to present estimates, this will only meet the needs of the Selby coal field for about 12 years. The planning application may be determined by the county council as Selby is not a unitary authority and local residents have real fears, as your article predicts, that environmental considerations will be secondary to the national energy policy and the privatisation the coal industry.

The introduction of the Uniform Business Rate removes any financial advantage from coal mining to the local community which accrued under the old rating system. Selby then faces the environmental problem without any recompense flowing from the grant mechanism.

No doubt your writer is correct when he states that, "a balanced answer to the coal dilemma would have to include measures to make coal more environmentally acceptable".

Arthur Cawood,
leader,
Selby District Council,
Civic Centre,
Portholme Road,
Selby, N Yorkshire YO8 0SB

No cut-price gas deals

From Mr C H Brown.

Sir, British Gas is not offering special discounts to power stations to keep out competition ("British Gas offers connection discount to power stations", December 29). The last British Gas contract to supply gas to a power station was agreed in October 1991 and we are not at present actively negotiating with other potential generators. Around 70 per cent of the gas contracted for power stations is being supplied by competitors of British Gas, which does not suggest anti-competitive practices.

The connection charges for power stations have been based on the same principles as those for all our other industrial and commercial contract customers. These arrangements have been in place for the past 25 years to the benefit of thousands of British businesses.

Suggestions that these benefits should be removed do not support expectations that enforced competition will lead to lower prices.

C H Brown,
chief executive,
British Gas,
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152 Grosvenor Road,
London SW1V 3JL

America's corporate Who's Who also at Clinton conference

From Mr John Love Kelly.

Sir, Michael Prowse's account of President-elect Clinton's economic conference ("Little Rock conference sees much talk, fewer policies", December 15) left the impression this had been a gathering of secondary representatives of America's business.

Only one of the 300 attendees was mentioned by name – Ms Kathleen Piper from South Dakota. In fact, this innovative conference was attended by the Who's Who of America's corporate world.

Distinguished individuals who are the chair and/or the chief executive officer of their respective corporations included: John Sculley, Apple Computer; John Reid, Citicorp; David Glass, Wal-Mart; Harold Poling, Ford; Paul Allaire, Xerox; Edwin Artzi, Procter & Gamble; Drew Lewis, Union Pacific; Robert Grandall, American Airlines; Robert Goizueta, Coca-Cola; Richard Jenrette, Equitable; Frank Popoff, Dow Chemical; P Roy Vagelos, Merck; John Young, Hewlett-Packard.

These individuals do not fit the reported description of "...only Democrats – or people known to sympathise with his [Clinton's] views...". They were invited to express their views and present possible solutions on how to correct America's crippled economy.

John Love Kelly,
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New York 10566,
US

Sonic, stamps and Sex

FT writers pick their top products of 1992

A year of recession took its toll. From the US to Japan consumers were watching their purses and manufacturers were wary. Innovative products were thin on the ground.

Amid a disheartening lack of exciting consumer electronics products, the one bright spot was the launch of Philips's Digital Compact Cassette (DCC).

But optimism was short-lived, as consumers realised they could face another battle over industry standards comparable to the VHS and Betamax video wars of the 1980s.

Like Philips's DCC, Sony's MiniDisc attempts to replace the ageing cassette tape with a digital product that will deliver the crisp sound of CDs. But with incompatible formats, Philips and Sony are now vying for the allegiance of leading record companies to ensure sufficient recorded music.

Elsewhere it was a question of improving on the tried and tested. This was the year VCR manufacturers finally realised that 80 per cent of owners are clueless about how to record programmes.

The answer was VCR Plus – an idiot-proof system aimed at techno-illiterate adults. Instead of fumbling with endless codes, users set their machines by punching in one set of numbers. Each programme has an assigned code, found in TV listings, which switches the VCR on, sets the channel, starts recording and stops automatically.

The year underscored the selling power of rock stars, dead or alive, with Madonna selling Sex and Elvis selling stamps. A million Americans took part in a summer poll to decide which image of Elvis should be used on a commemorative stamp. The new stamp, available next month, is expected to be the hottest-selling stamp in US history. The initial printing of 300m stamps is twice the normal run for a commemorative issue, and it is still not expected to meet demand.

Madonna moved on to the bestseller list in October with her book, Sex, featuring nude photographs of the Material Girl in poses more publicity-minded than pornographic. The book was censored in Japan and almost banned in Canada, although critics dubbed it a bore.

But it was neither Madonna nor Elvis who stole children's hearts. Undoubtedly the cult figure of the year was the improbable Sonic, a hyper-active, steel-blue hedgehog.

Sonic is not your typical hero. But the spiky mammal enabled its maker, Sega, the Japanese games company, to perform the unthinkable feat of challenging Nintendo's dominance in the video games market.

Elsewhere in Japan, Seibu, the stylish Tokyo department stores, opened a recycled kimono corner, a move reflecting consumers' new, frugal approach to shopping. While a new kimono costs more than Y500,000 (£2,645), used ones cost about Y40,000. About 200 second-hand ones are sold every month, though there has been a rush of customers this month to Seibu eager to buy a traditional kimono before the new-year festivities.

While Japanese women look to the past, an invention by a Japanese textile scientist is helping the fashion world claw its way forward in the teeth of recession. Today, no self-respecting fashion retailer would be without clothes made of microfibres – microscopically thin filaments of polyester or nylon. Microfibres make quality hosiery and can be mixed with wool or linen to create silk-like blends.

In the pharmaceuticals industry, nicotine patches, which look like large sticking plasters and curb cigarette cravings by steadily delivering nicotine into the bloodstream, hit the US market early in the year.

Demand soon outpaced supply in spite of FDA criticism of patch advertising, and patch sales for the year are estimated at $800m (£526m). With a six-month success rate of about 25 per cent, the patches do not qualify as a miracle cure.

Sometimes, however, a drug can just be too successful. Imigran, Glaxo's breakthrough migraine treatment, known in the US as Imitrex, relieves migraine symptoms in 77 per cent of patients within four hours.

But the drug has certainly proved a headache for health ministries, worried it could blow a hole in their budgets. The British Medical Journal calculated that, if it achieved 100 per cent market penetration at £20 per treated attack, it could cost Britain's National Health Service £1.344bn a year. The annual NHS drugs bill is £3.2bn.

Over the summer months minds were temporarily diverted from money matters by the Olympic Games. The hit product of Barcelona was undoubtedly Olympic champion Chris Boardman's racing bike.

Its black finish and enigmatic, faintly menacing shape suggested more Spanish Inquisition than Spanish Olympics. Developed by Lotus Engineering, part of the sports cars subsidiary of General Motors, the ultra-lightweight LotusSport pursuit cycle combined advanced composite materials and unique aerodynamics. Cheap it was not. Replicas of Boardman's bike would cost about £5,000.

Come the autumn and British minds again returned to finances. The 3 percentage point fall in base rates which followed Britain's departure from the European exchange rate mechanism left mortgage rates at their lowest level for 15 years. Homeowners took advantage of the lower rates by subscribing to fixed-rate offers. Many were so popular they were snapped up immediately.

But in a year of doom and depression, Chanel, the Paris fashion house, could be relied on to come up with something really frivolous – Y-fronts for women, dry clean only, at £100 a pair.

Chanel is coy about how many pairs it has sold. It probably does not care. In the 1990s, the amount of publicity a new design produces is the often the key to the turnover it generates.

Reporting by Paul Abrahams, Della Bradshaw, Philip Coggan, Daniel Green, John Griffiths, Michiyo Nakamoto, Alice Rawsthorn, Emiko Terazono, Karen Zagor

FINANCIAL TIMES
Thursday December 31 1992/Friday January 1 1993

A sign outside the village of Cadca proclaims its position on the Slovak side of the frontier which will divide Czechoslovakia from tonight. Page 2

Colin Beere

Yugoslav army 'would resist military action by the west'

By a Correspondent in Belgrade

MILITARY intervention by western forces in former Yugoslavia would meet fierce resistance from the Yugoslav army, General Zivota Panic, the Yugoslav army's chief of staff, said in a statement in Belgrade yesterday.

"If intervention comes, we will defend our freedom, independence and territory with all means at our disposal," the general said. "Our forecasts show that the danger of military intervention has objectively increased in recent days." He added: "We must inform the world that this is a new genocide and that we will not allow it."

Gen Panic's warning came as the UK moved closer towards backing military intervention against Serbia. Mr Douglas Hurd, foreign secretary, said in a newspaper article published yesterday he could now "imagine armed action against them to prevent a general Balkan war". The foreign office emphasised that the UK was losing patience with the Serbs, although the government still saw direct military involvement as far from inevitable.

It stressed that Mr Hurd had also said that "democratic opinion would not support us in military occupation over years, with the inevitable costs and casualties".

General Panic, who commanded the Serbian operation last year that reduced the Croatian city of Vukovar to rubble, said the west had conspired to break up Yugoslavia, but that his forces could grow from a peacetime level of 120,000 to 600,000 in wartime. It was possible to mobilise up to 2m reservists, he said. "The president of the republic, as the army's commander-in-chief, and other responsible state institutions decide whether the Yugoslav army will be used to defend the Serbs outside our country's borders," the general said. "It is certain they will not allow for the Serbian people in Bosnia Hercegovina ... to be exposed genocide and destruction."

United Nations mediator Lord Owen was in Belgrade yesterday before talks on the Yugoslav crisis this weekend in Geneva. In Geneva yesterday, officials said Bosnia's Moslem President Alija Izetbegovic had promised that his forces would not attack Serb positions around Sarajevo before the peace talks began.

Mr Milan Panic, the Yugoslav prime minister, yesterday also condemned the threat of military intervention. "The politicians will sit out military intervention secure in their bunkers," he said.

Mr Panic, speaking in Belgrade, rejected as unconstitutional a parliamentary vote on Tuesday night naming a vice-premier to lead the government until a newly elected parliament is installed early next year.

Editorial Comment, Page 10

German economics minister to explain 'letterhead affair'

By Quentin Peel in Bonn

MR Jürgen Möllemann, the German economics minister and vice-chancellor, is cutting short a Caribbean holiday to face demands for his resignation or at least a proper explanation over use of his signature to promote a product made by a relative.

Chancellor Helmut Kohl lent his weight yesterday to a growing clamour for clarification by Mr Möllemann, demanding that he explain "immediately and comprehensively".

The affair is another embarrassing sign of disarray in the coalition government, and could destroy Mr Möllemann's chances of becoming leader next year of the Free Democratic party, junior partner in the coalition headed by the Christian Democrats.

Mr Otto Lambsdorff, the retiring Free Democrat leader, has called an emergency meeting of its national executive for next Monday, to hear the economics minister's version of events. He admits the affair is damaging the party's image.

The economics committee of the Bundestag, the lower house of parliament, has been summoned for its own extraordinary hearing on Tuesday into the so-called "letterhead affair", at which Mr Möllemann is expected to give evidence. The opposition Social Democrats, who oppose his free market policies, are calling for his resignation.

It amounts to the most serious challenge to the minister's position in recent years, only months before he was due to present himself as the natural successor to Mr Lambsdorff, when the latter retires in mid-year. Now it seems ever more likely that Mr Klaus Kinkel, foreign minister, and a party member for less than two years, will take over.

Mr Lambsdorff has delicately distanced himself in recent days from his would-be successor, suggesting that Mr Möllemann owed party and public a further explanation. Other FDP members have been openly critical.

The affair concerns the use of ministerial notepaper from Mr Möllemann's personal office to promote a safety device for supermarket trolleys, manufactured by a cousin of his wife, Carola.

Letters bearing Mr Möllemann's signature were sent to eight of the leading supermarket chains in Germany, such as Aldi, Spar and co op urging them to consider the product.

If he is forced to resign, the expected cabinet reshuffle by Chancellor Kohl, due by January 25, will be all the more urgent and significant.

Charge of unfairness threatens Kenya poll

Continued from Page 1

neither free nor fair.

Such a decision would weigh heavily with donor countries, which a year ago froze aid to Kenya pending political and economic reform. A continuing freeze of aid, which has so far cost Kenya $350m to $400m, would have a severe impact on an economy already hamstrung by a foreign exchange shortage.

The moves came as it became apparent from provisional returns from 41 of 188 constituencies that President Daniel arap Moi and his Kanu party were heading for a narrow victory.

The prospect of a formal opposition protest, in effect endorsed by international observers, is certain to raise tensions in an already fraught political climate.

Violence has marred the election campaign and the opposition parties have consistently warned that Mr Moi risked provoking violence if he manipulated the elections.

A delay in releasing results from opposition strongholds such as Nairobi and several incidences where additional ballot papers appeared to have been slipped into bundles during counting underlined observer and opposition suspicions that officials were tampering with the result.

Low-profile line of duty for guards at EC borders

By Andrew Jack

TRAVELLERS may not notice customs checks after the single European market starts life at midnight tonightbut officials will still be keeping a close watch on them.

Hundreds of uniformed officers and administrative staff at borders throughout Europe will be replaced by more discreet surveillance and intelligence-gathering within Community countries.

"The question is not what you see at the borders after January 1, but what you don't see," said one British Customs and Excise official. Its planners estimate that while some 400 of the 3,500 UK border staff will be affected by the abolition of EC customs controls, only about 12 will lose their jobs.

The authorities are confident that by reallocating staff, they will be able to curtail the efforts of smugglers and terrorists at least as well as now. They stress that all important drug seizures in recent years were based on intelligence operations, not random border searches.

Some staff no longer required in person at the borders will still be needed in a more discreet role monitoring the flows of traffic and people.

Similar changes to customs services are taking place in other Community countries, although many – particularly the southern European states – have routinely relied more on intelligence and internal controls than the reliability of checks made at borders.

UK customs officials will no longer have the power to stop and search at random those travelling from other EC countries. But they will be able to interrogate any who match their "profiles" of suspicious characters.

Many staff are being reassigned inland as investigators in London and the 22 customs collection divisions around the country, where they will gather intelligence on the movements of suspected smugglers and value added tax fraudsters.

They are coy about explaining how this will work, but it will include gathering tip-offs and assembling profiles of likely suspects to be pursued. Publicans in Dover have already been approached for help in alerting officials to anyone they consider suspicious.

Other employees will become excise verification officers. They have powers to search suspect vehicles anywhere in the UK and can inspect shops to check if supplies are coming from registered traders.

Business seeks clearance, Page 4

World Weather

		°C	°F
Ajaccio	F	9	48
Algiers	C	10	50
Amsterdam	S	1	34
Athens	C	9	48
Bahrain	Dr	15	59
Bangkok	C	32	90
Barcelona	S	8	46
Beijing	S	6	43
Beirut	F	13	55
Belfast	C	2	36
Belgrade	S	-4	25
Berlin	Sn	0	32
Biarritz	S	10	50
Bombay	S	31	88
Bordeaux	S	6	43

		°C	°F
Boulogne	S	0	32
Brussels	S	1	34
Budapest	S	-5	23
Buenos Aires	F	31	90
Cairo	S	18	64
Cape Town	S	22	72
Caracas	F	28	82
Casablanca †	S	17	63
Chicago †	R	4	39
Cologne	S	3	37
Copenhagen	F	2	36
Corfu	F	12	54
Dallas †	C	23	73
Dublin	C	4	39
Dubrovnik	–	–	–
Edinburgh	F	-1	30
Faro	S	14	57
Florence	S	10	50

		°C	°F
Frankfurt	S	-2	28
Geneva	C	-1	30
Gibraltar	R	11	52
Glasgow	C	-1	30
Helsinki	F	-5	23
Hong Kong	F	21	70
Innsbruck	S	-1	30
Inverness	S	-2	28
Islamabad	C	18	64
Istanbul	S	2	36
Jakarta	R	31	88
Johannesburg	F	27	81
Lisbon	S	8	46
London	S	2	36
Los Angeles †	F	12	54
Luxembourg	S	2	36
Madeira	C	18	64
Madrid	S	4	39

		°C	°F
Majorca	F	10	50
Malaga	F	13	55
Malta	S	15	59
Manila	C	31	88
Melbourne	–	–	–
Mexico City	F	22	71
Miami †	S	18	64
Milan	S	2	36
Montreal †	C	-7	19
Moscow	C	-11	12
Munich	S	-3	27
Nairobi	–	–	–
Naples	F	10	50
Nassau	C	26	79
New Delhi	S	22	72
New York †	S	9	48
Nice	S	10	50
Nicosia	S	14	57

		°C	°F
Oporto	F	9	48
Oslo	C	-4	25
Paris	S	0	32
Prague	C	-7	19
Reykjavik	F	-1	30
Rhodes	F	14	57
Rio d'Janeiro	F	35	95
Rome	F	9	48
Salzburg	S	-2	28
S'Francisco †	S	6	43
Seoul	C	5	41
Singapore	F	29	84
Stockholm	S	-2	28
Strasbourg	S	-5	23
Sydney	C	24	75
Taipei	R	17	63
Tangier	S	4	39
Tel Aviv	S	14	57

		°C	°F
Tenerife	F	18	64
Tokyo	S	12	54
Toronto †	C	2	36
Tunis	C	11	52
Valencia	S	10	50
Venice	S	5	41
Vienna	C	-6	21
Warsaw	C	-1	30
Washington †	C	7	45
Zurich	C	-4	25

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Pressure cooking

With margins the envy of food retailers worldwide, it is perhaps not surprising that investors fret about the prospect of a UK food fight breaking out. Hence the sharp drop in food retailing share prices which greeted J Sainsbury's announcement of its January price promotion. Given the billions being poured into new stores, any protracted battle would indeed be serious. Yet despite the suitably robust replies from Sainsbury's principal competitors, Safeway and Tesco, the overwhelming impression is of Sainsbury tightening its grip on the market.

Indeed, one of the most interesting parts of Sainsbury's statement was that it had beaten its own demanding sales budgets in the run up to Christmas. The increased profits thus generated provide ammunition for the company to cut prices selectively and expand its market share. It may even be politically desirable for Sainsbury to plough back profits into sales growth rather than see its margins rise even further.

Not that margins are being cast to one side. The campaign has been cleverly hyped to extract the maximum publicity and increase in volumes from carefully chosen price concessions, and suppliers will bear some of the price cuts in the hope of higher sales. Tesco confronts Sainsbury most directly, yet its slower growth record limits its room for response. The valuation gap which has opened up between the two this year is unlikely to narrow. And Tesco's recent foray into France may even hint that the company is finding the domestic kitchen a little warm.

FT-SE Index: 2832.5 (-15.3)

UK economy

The good news in the latest Dun & Bradstreet business failures figures is that they tend to confirm that the recession is easing. The total is growing more slowly and the focus is shifting towards smaller companies, as it did after 1980-81. The bad news is that companies remain under intense pressure. Bad debts continue to plague 80 per cent of them and many larger companies are surviving only because of rigorous cost cutting, deferred investment and delayed payments to suppliers – hardly a propitious background for investing in recovery.

After the last recession business failures continued rising until 1984, which suggests there may be a couple more years of increase to come this time. The difference is that, at 62,767, failures this year are already some three times the peak in 1984. So it is legitimate to ask when and how quickly banks' loan loss provisions can drop. The rate will be the principal factor behind any earnings recovery.

With provisions running at over 3 per cent of their loan book, the main clearing banks are better protected than they were at the end of the last recession. Property prices may stabilise in the wake of lower interest rates, obviating the need for additions to existing provisions as the value of collateral falls. Still, it is hard to escape the conclusion that any decline in provisions will be tortuously slow. Less so, perhaps, for a bank such as Midland which provided early in the cycle and trimmed its lending. More so, for Barclays, which not only provided late but is also deeply involved in small business lending.

Food manufacturing

Europe's consumers are not alone in suffering from the absurd distortions created by the Common Agricultural Policy. Many of Europe's big food manufacturers must reckon they have lost out too. The theory is that artificially high commodity prices have shielded small producers from their bigger rivals. An inefficient market for many processed foods has resulted.

Imperfect though the comparison may be, it is interesting to contrast the share price performance of the food manufacturing sectors on either side of the Atlantic. In the UK, the sector has been flat when set against the main market over the past decade. In the US, it has outperformed by a factor approaching three. The differing structure of the industries and the relative power of retailers have clearly played their part. But a freer market for agricultural commodities in the US may also have helped the industry's profitability.

With CAP reform and finalisation of the Gatt talks in prospect, European investors must be wondering whether to stock up on food company shares to benefit from the industry's seemingly imminent rationalisation. But they can, perhaps, afford to wait a while. There is not going to be a sudden revolution. Apart from commodity items, raw material prices now constitute a small proportion of a product's total cost. Marketing and packaging expenses are often far more significant for those manufacturers higher up the added value chain.

Nevertheless, food price reform should hasten the long-term trends shaping the industry. For vulnerable food companies, there are already enough threats to make their executives wake up screaming in the small hours. The accelerating concentration of the industry in response to the single European market has resulted in the emergence of powerful pan-European operators such as Nestlé, BSN and Unilever. The growing strength of retail buying groups – as well as cross-border retailers – will also add to the rationalisation squeeze. Local companies serving local needs may yet evade such pressures. To be small may still be beautiful; to be middling will be ugly.

Pentos

Life must indeed be tough if you find it difficult to sell cards at Christmas. Yet judging by yesterday's profits warning, Pentos' Athena chain is struggling to find a replacement for its wilting teenage market. That might not matter so much if the company's office furniture operation was not also having a miserable time. Despite rationalisation neither is likely to help the main books business much next year.

Which is a pity, because Dillons is unlikely to find bookselling much easier. Both Dillons and Waterstones have invested heavily in upmarket stores, soaking up cash. Yet there remain worries about the likely return on capital employed. With Waterstones backed by WH Smith, and Pentos' gearing rising, there can be little doubt who has the deeper pockets to fight a protracted battle. If the Pentos chairman gets his dearest wish and the net book agreement is abolished, he may just live to regret it.

FINANCIAL TIMES
COMPANIES & MARKETS
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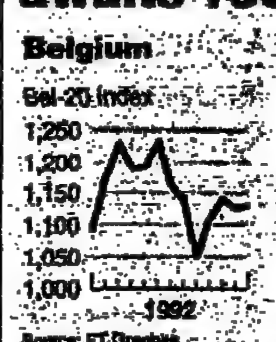
INSIDE

Belgian stock market awaits recovery



Analysts of the Belgian stock market have been prophesying the end of the downturn for a long time, and forecasting that when the European economy recovers, the Brussels bourse, with its heavy emphasis on cyclical, industrial stocks, will be one of the main beneficiaries. Under the circumstances, the Belgian stock market has not performed badly during 1992. Back Page

Request for share suspension

Sale Tilney, the loss-making UK mini-conglomerate which had its banking facilities extended at the beginning of December, has applied for its shares to be suspended – at 4½p – "pending clarification of the company's financial position". It is thought that the current discussions with its banks concerning a financial restructuring have not yet been concluded, or indeed resolved. Page 16

Cheer for financiers behind MBO

Many financiers ignored the announcement that a Manchester-based building equipment maker had a big success with an electronic control system for backhoe loaders. But Arthur Andersen Corporate Finance, Granville Development Capital and the Mars pension fund were delighted. They had backed a management buy-out of the group. Innovations like the Servotronic system suggest the buy-out will be a success. Page 16

Dividing Czechoslovak debts

As the dissolution of the Czechoslovak federation at midnight tonight approaches, the government and financial institutions are making last-minute efforts to agree on an equitable division of its assets and liabilities. One of the most difficult issues to resolve is the question of the federation's external debt, estimated to be $10.36bn at the end of June 1992. Page 14

KIO ownership row

The withdrawal from Spain of the Kuwait Investment Office, and its Spanish holding company, Grupo Torras, is being threatened with complications as suspicions mount that the Kuwaitis may own more of Torras affiliates than they have previously reported. Page 14

Trust plans reconstruction

City & Commercial, a UK split capital investment trust which is due to be wound up in February, has put forward alternative reconstruction proposals. Page 16

Spain may alter debt issuance

The plan to invest the Bank of Spain with greater autonomy and put an end to the Treasury's ability to borrow from the central bank to meet short-term funding needs is likely to encourage the issuance of short-term debt, say analysts. In the past, the government would borrow from the central bank and spread its debt issuance over the year. Page 15

Market Statistics

Companies in this Issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
AG Ind & Verk	412.5	+	10.5	Bongrain	2965	+	39
Karstadt	500	+	15	Sefimeg	434	+	9
Rhein West Pfl	330	+	16	UFB Locabail	199	+	18
Falls				**Falls**			
Aachen Mch	750	–	20	BSN	943	–	21
Asko	605	–	25	Fonc Lyonnaise	538	–	12
MAN Prf	221	–	11.7	Immobanque	620	–	22
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Citicorp	21½	+	¾	Mitsui Wharf	662	+	56
Glaxo	24	+	⅝	Japan Resistor	280	+	20
IBM	50	+	¼	Takamisawa	330	+	24
RJR Nabisco	8½	+	⅛	Yokohama	538	+	53
Wells Fargo	75⅜	+	⅛	**Falls**			
Falls				Dennys Japan	2200	–	200
Merck	44	–	⅛	Mitsui Trust	740	–	69

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Shandwick	15	+	2½
Airtours	300	+	15	Tunstall	367	+	17
Armour Trust	38½	+	2½	Usborne	22	+	3
Asda Prop	54	+	5	Wood (A)	150	+	43
Austin Reed A	108	+	5	Wood (JD)	43	+	5
Bellway	311	+	13	**Falls**			
Campari Intl	220	+	18	Argyll	398	–	22
Central Motor	113	+	17	Kwik Save	784	–	22
Hambro Cntde	40½	+	4½	Pentos	56	–	14
Healys	89	+	14	Proudfoot (A)	94	–	6
Hewitt	161	+	11	Rolls-Royce	115	–	5½
MidlandsRadio	114	+	5	Tesco	251	–	15
Owners Abroad	94	+	7	Utd Biscuits	332	–	11
Savills	40	+	4				

AMB investors vote to sell BfG to Crédit Lyonnais

By Richard Lapper

SHAREHOLDERS of Aachener und Münchener Beteiligungs, one of Germany's largest insurers, yesterday voted overwhelmingly to approve the sale of its bank subsidiary, BfG Bank, to France's Crédit Lyonnais.

The shareholders also agreed – by more than nine to one – to register a stake in AMB of 25 per cent plus one share by Assurances Generales de France, the French state-controlled insurer which had helped engineer the bank deal. AGF will now enjoy voting rights on its share stake and will be the single biggest shareholder in AMB.

Shareholders approved by 96.24 per cent of the vote for AMB to give up its BfG stake.

Earlier yesterday *Fondiaria*, the Italian insurer that owns 20 per cent of AMB, was blocked from voting at the meeting on the grounds that its own shares had not been registered in time.

The district court in Aachen declined to give a restraining order to Fondiaria to allow it to vote. The Fondiaria shares had been considered the largest interest block from which the proposals, which were backed by AMB's management, risked being turned down.

Yesterday's resolutions stem from an alliance in July between AMB and AGF that ended a running dispute between the two companies. After AGF's friendly overtures were rebuffed early last year, AGF started buying AMB shares on the open market. Most of the shares acquired by AGF, however, were only entitled to a vote under German law if AMB consented to enter them in the share register, which the German company refused to do.

July's alliance, which involved a cross-shareholding, also included the promise that AGF would work to get its ally, Crédit Lyonnais, to take a majority stake in the troubled BfG.

A pact between Crédit Lyonnais and BfG's shareholders was then concluded in November. Contracts on the sale of the AMB stake in BfG were signed on December 23. The French bank, which recently announced a FFr1.79bn ($325m) capital increase, plans to inject DM1.2bn ($743.5m) into the acquisition.

The deal throws further doubt on the development of co-operation between AMB, Fondiaria and Royal Insurance who agreed a three-way European strategy in 1991. Fondiaria is now expected to accelerate plans to sell its holding in AMB.

Winterthur to put further £11m into UK motor insurer

By Richard Lapper in London

WINTERTHUR, one of Switzerland's biggest insurers, is to pump a further £11m ($16m) of capital into its Churchill Insurance subsidiary, paving the way for further expansion by the rapidly growing UK motor insurance company.

Churchill is the second biggest "direct writer" in the UK, behind Direct Line, the highly successful Royal Bank of Scotland subsidiary, which earlier this year reported annual profits of £15.1m in the 12 months to September 30.

"Direct writers" which sell motor insurance through a combination of mass media marketing and telephone sales are poised to win a growing share of the £4bn-a-year motor insurance market.

Churchill has grown rapidly since its launch in 1989. Premium income increased by more than 100 per cent during 1992 to £79.7m. Mr Martin Long, chief executive, is planning further expansion in 1993, when he aims to boost premium income to £135m.

"The more premium you get in the more capital you need to fund it," said Mr Long, who says Winterthur is keen to take advantage of rising premium rates in motor business.

Mr Long said that while the frequency of claims was falling, premiums were rising and the increases were sticking. Although Churchill expects to make pre-tax losses of £2m (before tax recoveries) in 1992, Mr Long says it has been trading profitably since April.

Of the £11m of new capital approved by Winterthur, some £5m will be in the form of new paid-up capital, boosting paid-up capital to £49m – compared with the £30m originally invested by Winterthur. The remaining £6m has been earmarked to take advantage of further opportunities next year.

Churchill wrote 230,000 new policies in 1992 and is aiming to win 320,000 new customers in 1993, a market share of between 3 and 4 per cent, according to Mr Long. To date it has sold more than 480,000 policies.

So far Churchill has focused on motor insurance but next year could move into the household insurance market.

Two of Churchill's direct writing competitors – Direct Line and GA 121, a subsidiary of Perth-based General Accident – already underwrite household insurance.

Pentos shares fall 20% after full-year profits warning

By Paul Taylor in London

SHARES in Pentos, the specialist UK retailing group which owns Dillons bookshops, Ryman, Athena and Wilding, fell 20 per cent yesterday after the group warned that pre-tax profits this year will be "significantly below" market expectations, and said the final dividend was under review.

After the surprise profit warning, analysts cut their pre-tax profits estimates for the year ending today to about £5m ($7.6m), down from £15.2m last year. The stock, which was trading around the 140p level earlier this year, dropped 14p to 56p yesterday, reducing the group's market capitalisation by more than £20m.

Pentos, which has expanded rapidly under its outspoken chairman, Mr Terry Maher, said the level of the final dividend "will be considered in the light of trading at the time of the preliminary announcement in March". Last year the group paid a final dividend of 2.05p, making a total for the year of 2.75p.

Pentos blamed "weaker than anticipated" trading during the final quarter in its office furniture manufacturing operations and the Athena poster and print business. At Athena, Christmas trading failed to match up to expectations. Sales for the full year will be about 3 per cent lower than in 1991 and profits are expected to fall by about £3m to break-even. "Spending amongst Athena's mainly young target market remains depressed," said Pentos. A reorganisation programme will cut full-year overheads by £1m.

The core bookshop and office equipment businesses have continued to perform satisfactorily, with sales at Dillons up by about 4 per cent year-on-year.

The office furniture business saw a sharp decline in orders from mid-September, and two large orders worth about £1m were delayed until 1993. As a result, these operations will post a small loss this year, compared with a trading profit of £3.7m in 1991. Steps have been taken to cut overheads by £2m in 1993.

Mr Clive Gregory, who recently returned to Pentos as finance director, said reorganisation expenses, together with other non-recurring costs related to the acquisition of Hatchards in 1990, will be treated as exceptional items reducing pre-tax profits by a further £3.5m.

Pentos expects cost reduction programmes to improve underlying performance in 1993.

Lex, Page 12

Robert Peston and Richard Waters on capital adequacy ratios

Banks aim for stability and a level playing field

The playing field for international banks is now fairly level, although there are still bumps and potholes. However, most players are too exhausted to chase the ball.

That is how one senior banker described the implementation of the Basle accord on bank capital ratios, which was intended to strengthen banks' balance sheets and remove competitive disadvantages between banks from different countries. Agreed by central bankers from the Group of Ten countries in December 1987, the Basle accord on bank capital takes effect tomorrow.

The field is still not completely flat, because regulators from different countries have interpreted the Basle rules differently. French banks, for example, can incorporate provisions for third world debt in their capital. Even the implementation timetable is not the same everywhere. For Japanese banks, the guidelines take effect at the end of their financial year in March.

However, implementation comes when competitive distortions are less of a concern to banks than for many years – because so many banks have been forced by recession and losses in overseas markets to concentrate on domestic businesses and shy away from international competition.

The origin of the accord was an informal chat in the summer of 1986 between Mr Robin Leigh-Pemberton, governor of the Bank of England, and Mr Paul Volcker, then chairman of the US Federal Reserve. They felt the internationalisation of banking created a need for common capital standards for two reasons:

- The collapse of one bank could infect banks across the world. If all banks had strong balance sheets and a sound capital base, the risk of serious damage to the worldwide banking system would be reduced.
- Capital is a scarce and expensive resource. Any banks permitted by their regulators to operate with relatively little capital therefore had a competitive advantage, which was seen in some countries as unfair. UK and US banks resented the ability of French and Japanese banks to operate with low minimum capital ratios, since these were taking an increasing share of the international loan market.

Mr Volcker and Mr Leigh-Pemberton felt there was a need for a common method for measuring bank capital and an agreement that all banks should maintain a minimum 8 per cent ratio of capital to assets.

By early 1987 the Japanese authorities joined the discussions, being steered by a former Bank of England associate director, Mr Peter Cooke, under the auspices of the Basle Committee on banking supervision. Pretty soon all the G10 countries were involved and the guidelines adopted have since been taken up by many banking regulators around the world.

"There is nothing legally binding about the accord," said a central banker. "We rely on peer pressure among central bankers to make sure that all regulators implement the standards." But harmonisation has been impressive.

The Basle agreement had a rapid and profound effect on the psychology of senior bankers. Being at or close to the minimum ratio was regarded as a sign of weakness. "Anyone who wanted to hold themselves out as a serious international bank had to show they were there [long before tomorrow's deadline]," said a Bank of England official.

Indeed, most big international banks attempt to maintain far more than the minimum ratios. Those close to the minimum, such as Citicorp of the US and some big Japanese banks, are making strenuous efforts to raise their ratios.

Even so, the biggest complaints from banks today about the playing field is that regulators in some countries, such as the US and the UK, are insisting banks have ratios far higher than the minimum – so US and UK banks feel they are still at something of a disadvantage.

Under the accord, there are two broad definitions of capital, called tier 1 or core capital and tier 2 (see illustration). Banks must maintain a tier 1 ratio of at least 4 per cent.

However, the definition of capital does vary from country to country. Under a derogation included in the accord, Japanese banks alone can count 45 per cent of their hidden reserves (principally unrealised gains on shareholdings) towards tier two capital. When the Tokyo stock market was riding high, this accounted for a substantial proportion of their capital – although with the Nikkei average at its current level, several Japanese banks are close to the 8 per cent minimum.

There have also been differences of interpretation over the types of financial instrument that banks can count towards capital. The definition of tier one capital was extended at the outset to include certain types of preference share, a concession to US banks which had been heavy issuers of such paper. Preference stock has since become a mainstay of bank financing in many financial centres.

Legal restrictions, however, prevent banks in France, Spain and Japan from issuing such shares. Banks from the first two countries at least have got around the problem by issuing stock through subsidiaries located abroad – which has drawn protests from UK and US institutions.

Under the accord, a bank's assets are weighted according to riskiness. Thus if a bank makes a loan to an OECD government – normally by buying government bonds – it need carry no capital in respect of that loan, since these loans are not seen as risky.

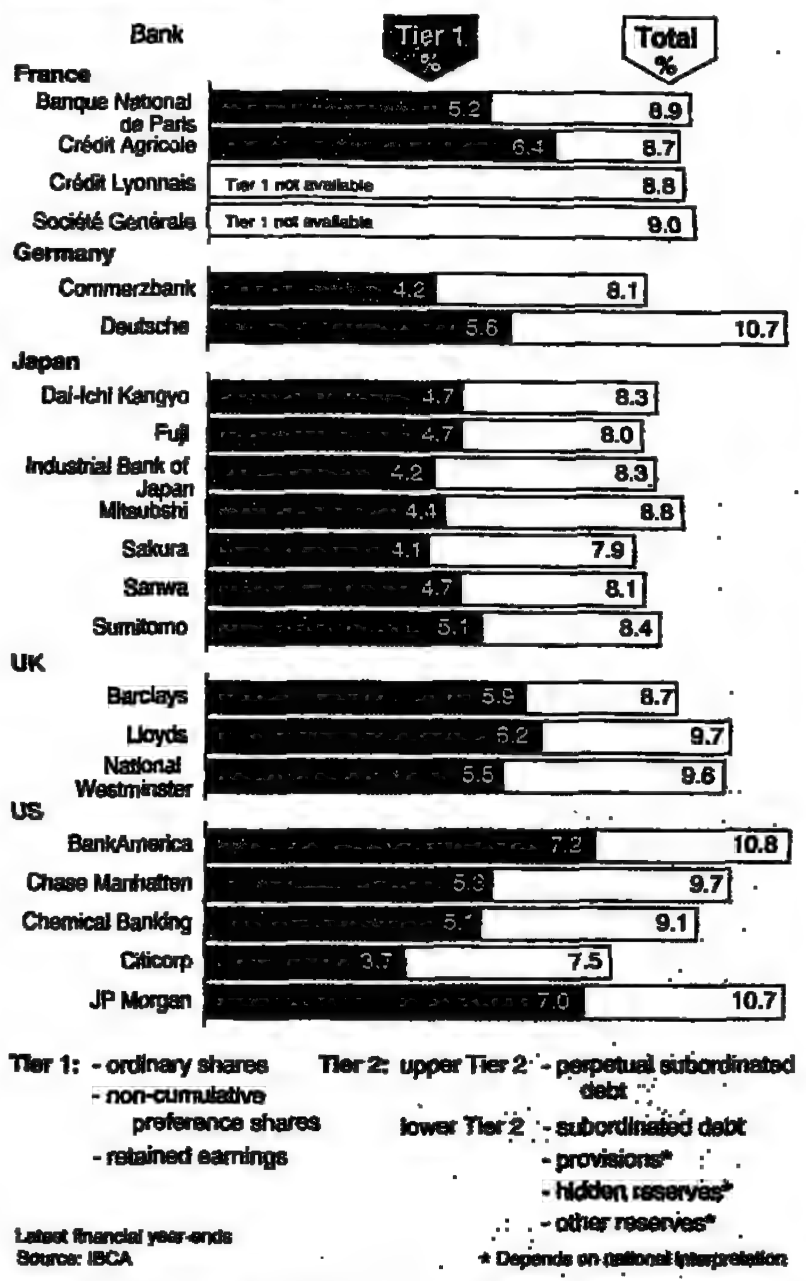
If, on the other hand, it makes a commercial loan, then it must have capital equal to 8 per cent of the value of that loan. When lending to other banks, the bank need have only a fifth of the capital required for a commercial loan.

The implementation of these weightings has had a significant effect on banks' behaviour. US banks, for example, have been using more of their resources to buy government bonds and have cut back on corporate lending.

Critics of the accord, such as Mr Richard Breeden, the chairman of the US Securities and Exchange Commission, complain it has distorted the US economy, by stifling the willingness of banks to lend to businesses.

Some bankers have also complained that the weightings make no distinction between a loan to a blue-chip company and one to a vulnerable small business. So in theory banks might be encouraged to make riskier loans to small businesses, since the interest rate on these loans is higher. However regulators say there is no evidence that the accord is encouraging risk-taking.

Bank capital ratios



Latest financial year-ends
Source: IBCA

Merchant banks hit by decline in merger bids

By Roland Rudd in London

ONLY FIVE merchant banks advised on UK public takeovers worth more than £1bn ($1.54bn) in 1992, underlining the slump in the industry, according to figures released by Acquisitions Monthly.

This compares with nine financial advisers last year and 17 in 1989, regarded as the vintage year for takeovers.

A further five financial advisers in 1992 worked on deals worth less than £100m and still made the top 20 ranked by value of transactions. Albert E Sharp, which was placed at number 20 in the table, worked on two deals together worth only £18m. Last year's number 20, Hambros Bank, worked on five deals, valued at £167m.

For the first time in eight years no US bank made the top 20. Last year Goldman Sachs came third, with two other US banks represented.

SG Warburg finished top financial adviser, followed by Schroders, Samuel Montagu, Morgan Grenfell and NM Rothschild.

The value of public bids completed in 1992 fell to £7.5bn, compared with £10bn in 1991 and a record £55bn in 1989.

Mr Philip Healey, Acquisitions Monthly editor, estimates that around 200 corporate financiers lost their jobs. "It is very cold out there for unemployed bankers," he said.

Most companies were unable to launch bids if they could not afford to finance them from cash. There were, however, notable exceptions, such as the Tomkins' recommended £935m bid for Ranks Hovis McDougall, the milling, baking and grocery products group.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Cerus to bail out banking subsidiary

By Alice Rawsthorn in Paris

CERUS, the French investment company linked to Mr Carlo de Benedetti, the troubled Italian industrialist, has been forced to bail out Banque Duménil Leblé, its banking arm, as part of a FFr430m ($96.5m) rescue package.

This is the latest in a series of gloomy announcements from the French banking industry, which has been badly hit by the the economic slowdown.

Duménil has been in trouble for some time. It has suffered, like other French banks, from the problems of the property sector. It has also been affected by internal problems which resulted in the closure of its Swiss operation.

Cerus, which recently reported a first-half loss of FFr377m, has already been forced to provide extra capital for Duménil. The bank lost FFr492m in the first half after making provisions of FFr540m for its property losses and the Swiss closure.

However Duménil now needs additional capital of FFr430m to avoid breaching its banking ratios. Cerus, which directly holds 25.6 per cent of Duménil and holds the rest through Société Financière de Geneve – a Swiss-based bank it controls – is providing FFr221m. The rest is coming from Société Financière de Geneve.

The news of Duménil's refinancing follows the announcement this week that this year's losses from Olivetti, the Italian electronics group chaired by Mr de Benedetti, would be worse than expected at between L300bn and L350bn.

● The reorganisation of the Lagardère family interests was finalised yesterday when shareholders of MMB, the French family's master company, approved plans to change the share structure and to change the name to the Lagardère group.

The changes were triggered when Mr Jean-Luc Lagardère, chairman, announced plans to merge Matra, the defence electronics concern, with the Hachette media group.

KIO faces further battle to pull out of Spain

Peter Bruce reports on the complications surrounding the Kuwaitis' shareholdings

The messy withdrawal from Spain of the Kuwait Investment Office and its Spanish holding company, Grupo Torras, is being threatened with further complications as suspicions mount that the Kuwaitis may own much more of two key Torras affiliates than they have previously reported.

The Spanish stock market commission (CNMV) is studying claims by the former KIO agent in Spain, Mr Javier de la Rosa – whom the current KIO management says is responsible for the collapse of its $4.4bn Spanish empire – that Torras owns up to 70 per cent of the Prima property group and not the 34 per cent it reports.

Mr de la Rosa has also claimed the Kuwaitis own more than half of the failed chemicals group, Ercros. The KIO claims Torras has just 39 per cent of Ercros.

In both cases, the claims concern old share support schemes in which Prima and Ercros shares were parked with Torras associates. Mr de la Rosa and some Madrid bankers claim these share packets were put back to Torras this year.

Under Spanish takeover law, a company which holds more than 25 per cent of a subsidiary has to make a bid for the subsidiary if it increases its stake by more than 6 per cent in one year. Failure to mount the bid is illegal and is regarded as a "serious" offence.

CNMV officials are searching documents to recreate the rise of the KIO's Spanish empire since 1986 and its collapse of the past six months. Mainly, though, they are looking at Prima, which followed Torras into receivership this month.

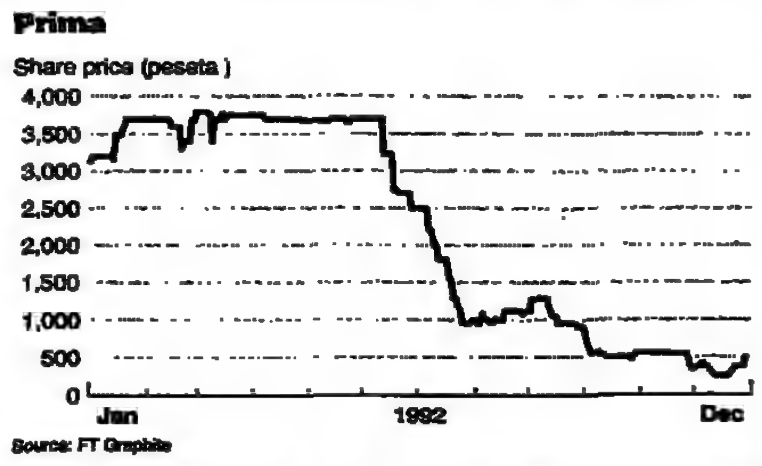
The KIO used to own most of Prima, separately from Torras. In 1990, when it decided to delist Torras from the Madrid stockmarket, shareholders were paid a mixture of cash and expensive Prima stock. But Torras was already borrowing against Prima and it was important to keep share values strong. So, to prevent them flowing back to the market, Torras set up a share support operation.

On February 15 and 23 and on March 2 1990, Hammarstone, a company newly registered in the Netherlands and the Antilles, bought 1,226,325 Prima shares – about 12.45 per cent of the company. This was financed by a loan of Pta10.2bn ($89m) from Banque Paribas (Suisse), agreed on February 15. The shares, plus a cash deposit of $14m, guaranteed the loan.

Grupo Torras also signed a "put and call" contract with Paribas (Suisse), guaranteeing Paribas the right to sell to Torras at any time the Prima shares for the value of the loan to Hammarstone, plus Paribas' financing costs.

The question is who owns Hammarstone. Mr Fouad Jaffar, general manager of the KIO in early 1990, says he was asked to act as a proxy head of Hammarstone. He says the company was set up, and is owned by, the KIO and Torras.

In May of this year, the management of the KIO and Torras changed. Before this, though, two things had happened to the Hammarstone loan: it had been split between Paribas and Banco Santander and, shortly before the new management arrived at Torras their predecessors – possibly under bank pressure – supplemented the put and call agreements with direct Torras loan guarantees.



Source: FT Graphite

In the rowing that has followed the change of management at Torras, most of the KIO's Spanish empire has collapsed. Certainly, fears that the KIO would stop supporting Prima destroyed any chance the KIO had of recouping its investment in the company. Prima stock dropped like a stone in June, prompting the banks to call in their loans to Hammarstone.

Mr de la Rosa claims the KIO is leaving because it fears having to bid for more of Prima and Ercros, or face charges for not making a bid. New managers at the KIO deny this as they deny owning the Hammarstone stock.

Nevertheless, on July 8 this year Mr Mahmoud al-Nouri, the new Torras chief executive, wrote letters to Hammarstone in the Netherlands and the Antilles. He said Torras had been told Hammarstone had defaulted on repayment of its loans and that as guarantor it, Torras, had paid Santander $17.4m.

On July 13, Mr al-Nouri wrote to Paribas (Suisse) in Geneva, acknowledging both the put and call option and an additional, direct, Torras guarantee of the Hammarstone loan, granted on May 22 this year and which Paribas executed on July 7. Mr Al-Nouri paid Paribas DM64.4m ($39.9m), according to his letter.

As the guarantee had been paid, he said Torras regarded the put and call option as dead, but he then appears to have instructed Paribas what to do with the Prima stock. "We hereby request and require you, as pledgee, until further notice, to hold the shares . . . strictly to our order."

Mr al-Nouri and the KIO were clearly in a most tricky position. They were keeping their distance from Hammarstone's asset (the Prima stock) by not openly acknowledging ownership – arguing they had merely acted as a guarantor – but appear to have been exercising control over the shares. Anyway, asks one Madrid banker: "Why would anyone pay millions of dollars for something they do not own?"

In its defence, Torras could challenge the legality of the original share support operation or argue that contracts with Hammarstone do not legally tie it to Torras. Also, it might argue it was controlling the shares to pursue a claim against Hammarstone. The latter might be hard to do with a straight face, though, as Hammarstone could only pay Torras back (for paying off the banks) with its Prima stock.

Neither Mr al-Nouri nor his advisers were available to comment yesterday, but the financial community in Madrid is eagerly anticipating the fight Torras and KIO may have to put up to prove they are not the owners of Hammarstone and its Prima shares.

Mr de la Rosa is at risk, too, if the authorities decide the original share support operations infringed market regulations. The CNMV is a short-staffed and rather ponderous young institution but is likely take an aggressive stance.

Czechs and Slovaks seek last-minute deal over external debt

By Vincent Boland in Prague

AS THE dissolution of the Czechoslovak federation at midnight tonight approaches, the government and financial institutions are making final efforts to achieve as much agreement as possible on an equitable division of its assets and liabilities.

One of the most difficult issues to resolve is the question of the federation's external debt. While there is agreement in principle, several issues have not been resolved.

The Czech Republic and Slovakia agreed this year on the division of assets and liabilities in the ratio of two to one, based on the population of the two republics. This principle also applies to the division of the external debt.

According to the State Bank of Czechoslovakia, the federation's total external debt stood at $10.36bn in June 1992, of which $9.78bn was denominated in convertible currencies and $585m in non-convertible currencies owed to its old Comecon trading partners.

Just over $7.5bn of the convertible debt was owed to overseas banks, the International Monetary Fund and the Group of 24 industrialised countries.

An estimated $7bn of the external debt was owed by Czech and Slovak enterprises, which are responsible for repayment. Just over $2bn of this was borrowed by the Czechoslovak Trade Bank acting unofficially on behalf of the state. The Czech Republic and Slovakia have accepted responsibility for the proportion of these debts owed by enterprises located in each republic.

The Czechoslovak state's share of the debt was just under $1bn, borrowed since 1991 from the European Community, the World Bank and G24. It is expected this debt will be split in the two to one ratio.

The state bank has borrowed $1.5bn from the IMF under special drawing rights since 1991. Controversy has arisen over the splitting of these rights between the two governments, with the IMF having suggested the division in the ratio of 2.29 to one. But Slovakia claims such a division would give the Czech Republic greater access to future IMF funds. The IMF is expected to make a decision on the ratio today.

Damart to close mail order business in Spain

By Alice Rawsthorn

THE slowdown in the Spanish economy has prompted Damart, the French clothing company best known for its thermal underwear, to close its mail order business in Spain at a cost of up to FFr60m ($11m).

Damart said the "general deterioration" in the Spanish market, which has worsened in the second half of this year, had forced it to rationalise its operations there. The company will maintain a presence in Spain through its 18-strong chain of shops which will be unaffected by the cuts, but will withdraw from mail order.

The closure of the Spanish mail order business is expected to cost Damart between FFr50m and FFr60m, which will be expressed in full as a provision in its 1992 accounts.

Damart, in common with its competitors in the European textile industry, has been rationalising its activities for several years in an attempt to improve productivity. Although Damart, as a specialist company with a strong market position, has been more resilient than other, less focused, companies, it has been forced to cut its workforce by over 20 per cent since 1990.

This productivity initiative was one of the main reasons for the increase in Damart's net profits last year from FFr110m in 1990 to FFr222m in 1991 when sales rose by 6.5 per cent to FFr3.7bn. However, its 1991 profits were lower than the FFr297m made in 1989.

Dutch retail group set to buy confectionery chain

By Ronald van de Krol in Amsterdam

AHOLD, the Dutch retail and supermarket group, said yesterday it plans to acquire Jamin, a chain of Dutch confectionery shops, before the end of March.

The company did not disclose how much it would pay Jamin's owner, Goudsmit, a Dutch holding company with varied interests in the retail sector, for the chain of 261 shops, including 114 franchise operations.

Jamin had sales of Fl 150m ($82m) in 1991. It will become part of Ahold's specialty stores division, which generates around Fl 1bn of the group's annual sales of Fl 21bn. Ahold's main businesses are its Albert Heijn supermarket chain in the Netherlands and four supermarket chains in the eastern US.

Buster Brown to go it alone

By Nikki Tait in New York

BUSTER Brown Apparel, the Tennessee-based clothing group which has clad American schoolchildren for decades, is letting go of its parent's hand and stepping out alone.

Gerber, the large US baby food company which has owned Buster Brown since the early-1980s, announced yesterday it was selling the company to management, backed by Chemical Venture Partners and Apollo Advisers.

Chemical Venture, with around $1.5bn under management, is the venture capital arm of Chemical Banking Corporation, while Apollo Advisers is part of the investment business run by Mr Leon Black, previously a senior investment banker with the now-defunct Drexel Burnham Lambert.

Gerber, which is caught up in a price-war in its baby foods business, has been trying to sell the Buster Brown business since early summer. Analysts had suggested it might fetch around $160m, although neither buyer nor seller would disclose the acquisition price yesterday.

Buster Brown, which was founded in 1904, has annual sales of about $165m. Profitability, however, is understood to have waned in the current financial year to end-March.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on December 30

U.S. DOLLAR STRAIGHTS / OTHER STRAIGHTS / DEUTSCHE MARK STRAIGHTS / FLOATING RATE NOTES / SWISS FRANC STRAIGHTS / CONVERTIBLE BONDS / YEN STRAIGHTS

Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month) above mean rate) for US dollars. C.cpn = The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	3	14
Other Fixed Interest	3	0	12
Commercial, Industrial	326	214	885
Financial & Property	144	107	545
Oil & Gas	8	10	67
Plantations	2	0	7
Mines	14	25	101
Others	29	48	44
Totals	589	407	1,675

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	135½	100	BTR Warrants 1997	131	–1½	–	–	–	–
§220	F.P.	–	250	231	Critchley Group	243		L6.1	2.2	3.3	17.2
–	F.P.	–	103	100	For & Col PEP Inv Tst	103		F3.36	–	4.4	–
100	F.P.	–	102	98	Hoare Govett Smlr Co's	101		–	–	–	–
90	F.P.	–	103	98	Hunters Armley	101		W3.38	2.2	4.5	13.5
51	F.P.	–	54	52	Intl Food Machinery	52		–	–	–	–
–	F.P.	–	38	30	Jos Hldgs Cap	38		–	–	–	–
–	F.P.	–	92	87	Do. Inc.	92		F11.5	–	16.7	–
–	F.P.	–	109½	101	Do. Zero Div Pf.	109½		–	–	–	–
165	F.P.	–	183	168	National Express	181		W7.12	1.5	5.2	11.9
50	F.P.	–	53	53	OIS Intl	53		N1.9	2.8	4.8	9.8
–	F.P.	–	1½	1½	‡Prime People Warrants	1½		–	–	–	–
–	F.P.	–	103	95	Second Consolidated	97		–	–	–	–
65	F.P.	–	239	73	Tadpole Technology	167		–	–	–	–
120	F.P.	–	208	157	‡Tepnel Diagnostics	192		–	–	–	–
160	F.P.	–	215	165	Wetherspoon (J.D.)	215	+5	W4.8	2.6	3.0	17.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	115½p	104¼p	Bristol Water 8¼pc Pf.	115½p	+½
100p	F.P.	-	105¼p	100½p	Commercial Union 8½pc Cm. Pf.	105¼p	+¼
100	F.P.	-	114½	104¼	NFC 7¾pc Cv Bd. 2007	112¼	-¼
150p	P.P.	-	127p	98p	Wassall Non-Int Brg. Cv. ULS	127p	
-	F.P.	-	179p	177½p	Yeoman Inv. Zero Pf.	178p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
35	Nil	18/1	4pm	3pm	‡Hiflclare	3pm	
100-	Nil	1/2	29pm	24pm	‡Learmonth & Burchett	29pm	+2
85	Nil	5/2	1½pm	¼pm	Loorbo	¼pm	–¼
25	P.P.	1/3	20	10	Property Trust	15	+2
2	Nil	11/2	¼pm	¼pm	‡Regal Hotel	¼pm	
240	Nil	27/1	63pm	43pm	Seton Healthcare	63pm	+3

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◆ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec. 21
- Last Dealings Jan. 8
- Last Declarations March 25
- For settlement April 5

3-month call rate indications are shown in Saturday editions.

Calls in Berisford Intl., Betterware, Campari Intl., Caverdale, D.C. Cook, Cullen's, Ibstock Johnsen, ML Labs., McCarthy & Stone, Merchant Retail and Premier Cons. Doubles in Berisford Intl., Betterware and Premier Cons.

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LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Trafalgar (*80)	80	4½	9	12	3½	7½	10
	90	1½	5	8	11	13	16
Utd. Biscuits (*351)	330	26	34	38	3½	13	18
	360	7	16	22	14	29	34
Unilever (*1114)	1100	47	68	88	11	36	43
	1150	17	41	62	35	58	68

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*166)	160	24	33	38	16	26	30
	180	15	24	30	27	35	43
Barclays (*380)	360	41	46	50	21	27	34
	390	24	30	36	38	43	51
Blue Circle (*198)	180	30	35	40	13	21	29
	200	20	26	33	19	30	36
British Gas (*289)	280	22	23	29	8	15	17
	300	11	13	19	18	26	28
Dixons (*263)	260	24	32	37	17	23	29
	280	14	23	29	29	34	40
Eurotunnel (*342)	330	38	50	60	25	33	40
	360	22	45	45	43	50	55

Other rows of the LIFFE Equity Options table: [illegible]

December 30 Total Contracts 21,704
Calls 13,295 Puts 8,409
FT-SE Index Calls 6,368 Puts 2,633
Euro FT-SE Calls 345 Puts 200
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Wed Dec 30	Day's change %	Tue Dec 29	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.62	+0.05	127.55	1.79	12.73
2	5-15 years (23)	146.34	+0.35	145.83	2.20	13.51
3	Over 15 years (8)	154.01	+0.41	153.38	2.56	12.15
4	Irredeemables (6)	171.95	+0.58	170.95	1.19	14.68
5	All stocks (61)	142.46	+0.26	142.09	2.11	13.33
	Index-Linked					
6	Up to 5 years (2)	183.84	———	183.83	0.95	3.68
7	Over 5 years (11)	165.74	+0.09	165.58	0.76	4.93
8	All stocks (13)	166.98	+0.08	166.84	0.77	4.74
9	Debs & Loans (62)	124.16	+0.23	124.02	2.74	11.42

	AVERAGE GROSS REDEMPTION YIELDS		Wed Dec 30	Tue Dec 29	Year ago (approx.)
	British Government				
1	Low	5 years	7.12	7.16	9.02
2	Coupons	15 years	8.16	8.20	9.50
3	(0%-7¾%)	20 years	8.41	8.45	9.50
4	Medium	5 years	7.46	7.49	9.95
5	Coupons	15 years	8.55	8.61	9.60
6	(8%-10¾%)	20 years	8.74	8.79	9.55
7	High	5 years	7.69	7.71	10.16
8	Coupons	15 years	8.82	8.89	9.68
9	(11%-)	20 years	8.91	8.98	9.60
10	Irredeemables (Flat Yield)		8.81	8.86	9.71
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.53	2.53	4.15
12	Inflation rate 5%	Over 5 yrs.	3.83	3.83	4.45
13	Inflation rate 10%	Up to 5 yrs.	1.71	1.78	3.51
14	Inflation rate 10%	Over 5 yrs.	3.64	3.64	4.27
15	Debs &	5 years	8.88	8.94	11.41
16	Loans	15 years	9.82	9.84	11.15
17		25 years	10.81	10.84	10.93

chs and Slovaks last-minute deal external debt

rt to close mail business in Spain

TY OPTIONS

INTEREST INDICES

Spain may see short-term debt rise

By Tom Burns in Madrid and Sara Webb in London

THE PLAN to invest the Bank of Spain with greater autonomy and put an end to the Treasury's ability to borrow from the central bank in order to meet short-term funding needs is likely to encourage the issuance of short-term debt in preference to longer-dated bonds in the immediate future, according to European bond analysts.

In the past, the government would borrow from the central bank and then spread its debt issuance over the year. In theory it can still do so in 1993 as the autonomy statute announced on Tuesday – and therefore the ban on borrowing from the Bank of Spain – does not come into effect until January 1 1994.

However, the government is likely to start implementing the new rules in 1993. "The government is going to make every effort not to go to the Bank of Spain, although it is still able to do so, so as to lessen the possible traumatic effects on 1994 when it will no longer be able to do so," said Mr Juan Cueto, chief executive of Madrid securities house Gestemar.

The government plans to invest the Bank of Spain with a "Bundesbank-style" autonomy just when it is likely to need the type of short-term emergency borrowing from the central bank that it used in the past.

Traditionally, Spain has relied heavily on issuing short-term paper, resulting in a large refinancing need in the first months of the year. The need is particularly big at present. Total debt issuance amounted to Pta12,840bn ($112bn) in 1992, and is expected to be Pta11,534bn in 1993.

The government spent heavily – for example on the Barcelona Olympics, and Seville's Expo '92 – but after the Danes rejected the Maastricht Treaty in June, it became much more expensive for the government to issue debt.

Instead, the government stopped issuing paper and borrowed over Pta1,000bn between June and September from the central bank (some estimates put the bank borrowing at Pta1,400bn), which it then repaid by issuing three and six-month paper between September and December.

Altogether about Pta3,500bn was raised in the last quarter. This now has to be rolled over and it is estimated that Pta4,000bn has to be refinanced in the first quarter of 1993, of which about Pta2,500bn has to be raised in January alone.

While Spanish interest rates remain relatively high, the government is unlikely to want to issue long-term debt, and so is expected to concentrate on issuing short-dated paper.

Spanish interest rates are unlikely to fall much until the Bundesbank starts to ease German rates, although dealers point out that lower inflation figures and more reasonable wage settlements in Spain would help to push bond yields down.

Longer-term, the decision to give the Bank of Spain more autonomy is likely to result in more regular use of the bond markets.

When Spanish yields rose dramatically in the wake of the Danish vote against Maastricht, the Treasury was reluctant to hold auctions of long-dated debt because it did not want to issue new paper at a rate reflecting the high yields in the secondary market.

Gilts rally eases as Bank plans issue

By Sara Webb in London and Laurie Morse in Chicago

UK GOVERNMENT bonds rallied further yesterday as the cash market rose by up to half a point and caught up with the gains made by gilts futures on Tuesday.

GOVERNMENT BONDS

However, news that the Bank of England is issuing a further £1bn of stock helped erode some of the gains later in the day.

The Bank is issuing a £1bn tranche of 7¼ per cent Treasury stock due 1998, with a further £100m of the bonds issued to the National Debt Commissioners. This will increase the total size of the issue to £2.1bn. The bonds, which are partly paid, are being offered at 25⅞.

■ US TREASURY prices were mixed as professional traders took profits after Tuesday's advance. In the last full trading session of 1992 many dealers were on the sidelines, with traders willing to wait until the New Year to set new positions.

At mid-session the Treasury's bellwether 30-year bond was ⅛ lower at 102⅞, yielding 7.374 per cent. Among shorter-dated maturities, the two-year note rose 1/32 to yield 4.542 per cent.

The short-dated notes took mild support from news that US new home sales in November fell 8.3 per cent. The weakness in the housing sector was unexpected, and was contrary to forecasts of a 0.4 per cent advance.

■ SPANISH government bonds ended lower after the Treasury allocated a larger-than-expected amount of paper at yesterday's bond auction. Yields on three, five and 10-year paper were slightly higher than those last set at the October 29 auction.

The October auction was the first for medium and long-term paper at which bids had been accepted since last May due to the turmoil caused by Denmark's rejection of the Maastricht Treaty.

■ GERMAN government bonds drifted lower in thin trade with most attention focusing on yesterday's auction of Federal bonds. The DTB March future on long bunds slipped to 92.00 by late afternoon against Tuesday's close of 92.12.

Dealers were surprised by the large amount raised at the auction. A total of DM12bn of bonds was issued, whereas dealers had expected only DM10bn. Bids of 98.71 and above were accepted at the auction.

Elsewhere in Europe, French government bonds fell due to the weakness of the franc against the D-Mark. The March contract on the Matif futures exchange fell from 112.44 to 112.14.

■ JAPANESE government bonds rallied strongly yesterday, prompted by a sharp fall in the Tokyo stock market which reignited hopes that the Bank of Japan would lower interest rates.

The futures contract rose to a high of 108.39 before ending the half-day of trading at 108.35. Most of the activity was dealer-driven, traders said.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.9985	+0.061	8.91	8.91	8.76
BELGIUM		8.750	06/02	105.9000	-	7.84	7.84	8.07
CANADA *		8.500	04/02	103.5500	-0.250	7.85	7.80	8.18
DENMARK		9.000	11/00	100.2700	-0.180	8.94	9.06	9.06
FRANCE	BTAN	8.500	03/97	101.7898	-0.003	7.98	8.05	8.26
	OAT	8.500	11/02	102.7350	-0.120	8.08	8.10	8.30
GERMANY		8.000	07/02	105.0800	-0.020	7.24	7.24	7.41
ITALY		12.000	05/02	94.1400	-0.010	13.53†	13.39	13.50
JAPAN	No 119	4.800	06/99	101.4786	-	4.51	4.51	4.52
	No 145	5.500	03/02	106.2749	-0.001	4.53	4.57	4.67
NETHERLANDS		8.250	08/02	105.8400	-0.020	7.36	7.35	7.54
SPAIN		10.300	06/02	88.0500	-0.250	12.49	12.43	12.71
UK GILTS		10.000	11/96	109-08	+2/32	7.19	7.23	7.55
		9.750	08/02	109-28	+15/32	8.23	8.31	8.57
		9.000	10/08	103-28	+15/32	8.53	8.59	8.90
US TREASURY *		6.375	08/02	97-31	-3/32	6.66	6.65	6.97
		7.625	11/22	103-07	-3/32	7.38	7.35	7.61
ECU (French Govt)		8.500	03/02	89.1650	-	8.64	8.63	8.67

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT FIXED INTEREST INDICES

	Dec 30	Dec 29	Dec 24	Dec 23	Dec 22	Year ago	High *	Low *
Govt Secs (UK)	94.41	94.09	94.07	94.05	93.90	86.28	95.54	85.11
Fixed Interest	109.67	109.46	109.43	109.26	109.21	96.72	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21
Gilt Edged Bargains	51.1	40.9	89.1	123.0	78.8
5-Day average	76.6	86.4	97.0	99.7	97.7

* SE activity indices rebased 1974

Madrid tries to stem flow of foreign funds

By Peter Bruce in Madrid

THE MADRID bourse is considering ways of introducing marketmaking into the Spanish equity market in an effort to stop a slow draining of foreign investment towards more liquid European markets.

Mr Antonio Zoido, president of the Madrid Stock Exchange, has said the possibility of creating marketmakers in Spain has already been put, informally, to the national stock market commission (CNMV).

The introduction of marketmaking into Madrid would require a potentially lengthy change of stock market law or it could be achieved more rapidly through a royal decree.

Spain's stock markets have already been through a gruelling reform process in the past four years, but this has concentrated mostly on offering greater transparency and security to investors.

The Madrid market, the fourth largest in Europe in terms of capitalisation, still suffers from liquidity problems, however.

Large foreign institutional investors tend to buy in a narrow range of Spanish stocks, mainly banks and utilities, which guarantee them a quick exit should it be necessary.

Spain's brokers, who fight low key wars to undercut each other on commissions, are also victims of investor concentration on a limited number of liquid stocks.

Brokers have in the past tried to create business for themselves by occasionally buying large stakes in companies with a view to turning them round and selling them on the markets. But these schemes, as well as a rash of flotations in recent years, have delivered disappointing results, with many new entrants to the market now trading well below their launch prices.

Foreign investors, either brokers or final clients, have quickly seen the ease with which Spanish brokers can be squeezed.

"Whether marketmaking is good or bad is not the point," said Mr Frederick Artesani, chief of equity research and sales with Benito y Monjardin in Madrid.

"The point is that marketmaking is inevitable."

With the Madrid market well down on the year, some larger Madrid brokers have already begun to provide unofficial marketmaking services to big foreign clients in an effort to hold on to business.

COMPANY NEWS: UK

Sale Tilney shares suspended at own request

By Peter Pearse

SALE TILNEY, the loss-making mini-conglomerate which had its banking facilities extended at the beginning of December, has applied for its shares to be suspended – at 4½p – "pending clarification of the company's financial position".

The group, which has interests in food, industrial products, insurance and financial services and has borrowings of about £24.5m, would not talk to the press yesterday, though it is thought that the current discussions with its banks concerning a financial restructuring have not yet been concluded, or indeed resolved.

The restructuring, as mooted at the beginning of the month, was believed to involve a debt-for-equity swap, which would dilute existing shareholdings.

The facility agreed in January 1991 with its banks, led by National Westminster, expired on November 30.

In May, when announcing a cut in pre-tax losses to £4.45m (£9.62m) and a reduction of group debt to £23.3m (£27.1m) for the year to November 29 1991, Mr Andrew Coppel, chief executive, said: "The group's solvency and the seriousness of the group's financial position are the main issue for the board," adding that the order books in the industrial companies gave "cause for concern".

Since then Sale Tilney reported pre-tax losses further reduced to £2.53m (£3.68m) for the half-year to May 27. However, Mr Coppel said that trading had been disappointing and that net liabilities had risen to £11.6m. At the previous November year-end they stood at £9.76m.

Alternative to City & Commercial liquidation

By Philip Coggan, Personal Finance Editor

CITY & COMMERCIAL, a split capital investment trust which is set to be wound up in February, has put forward alternative reconstruction proposals.

They offer investors the choice of holdings in a new investment trust or in one of two unit trusts managed by Abtrust Unit Trust Managers. They will need to be approved by 75 per cent of shareholders at a meeting on January 15.

City & Commercial, which has assets of around £62m and is managed by Invesco MIM, has two classes of shares – capital and income. The latter get all the income and are entitled to repayment at par value; capital shares are entitled to all the assets once the income shares are repaid. Had the trust been wound up, capital shareholders would have been repaid £15.50 per share.

Under the new proposals, capital holders will be offered shares and warrants in a new investment trust, New City and Commercial, and/or holdings in Abtrust's UK growth unit trust. Since unit trusts trade at asset value, this option will allow holders to realise investments for cash.

Income holders will be offered holdings in Abtrust's gilt fund, which can either be realised for cash, or held as a high yielding (9.17 per cent as of yesterday) investment.

The new investment trust will have an equal number of ordinary shares (with warrants attached on a 1-for-5 basis) and debenture stock linked to the RPI. SG Warburg and Panmure Gordon have underwritten up to £40m of the stock, which will have a yield around 1.5 percentage points above index-linked gilts. The debentures are also available via an open offer at 99p per 100p nominal.

Creating a new investment trust will allow shareholders to roll over their investments without incurring an immediate capital gains tax liability.

Groundwork done and ready to move

Andrew Baxter on the management buy-out from the Massey Ferguson Group

THE announcement was hardly the sort of thing to set City pulses racing: Manchester-based construction equipment company reports significant success with sophisticated new electronic control system for its backhoe loaders.

But the news was of more than average interest to a number of organisations not noted for their devotion to the minutiae of earthmoving technology, such as Arthur Andersen Corporate Finance, Granville Development Capital and the Mars pension fund.

Three weeks earlier, on September 8, the Manchester-based company MF Industrial had ended months of speculation by announcing a £12m management buy-out from the Massey Ferguson Group, arranged or backed by the three City groups.

And it is innovations such as the Servotronic system, introduced earlier this year after two years' development work, that give Mr Richard Robson, MF Industrial's managing director, confidence that the company can make the buy-out work at a very difficult time for the European construction equipment industry.

The deal was completed last month, finally dispelling uncertainty over the future ownership of Europe's third largest producer of backhoe loaders – MF Industrial also makes light industrial tractor loaders and skid steer loaders – and creating an independent UK-owned company with some £65m of annual sales and 430 employees.

That makes MF Industrial much smaller than companies such as JC Bamford Excavators, by far the largest UK-owned construction equipment company and MF Industrial's biggest rival in backhoe loaders. Instead, MF falls firmly in the ranks of Europe's medium-sized players, which know they need a clear product and marketing strategy in the 1990s to avoid being squeezed between the global multinationals such as Caterpillar and Komatsu, and the niche players.

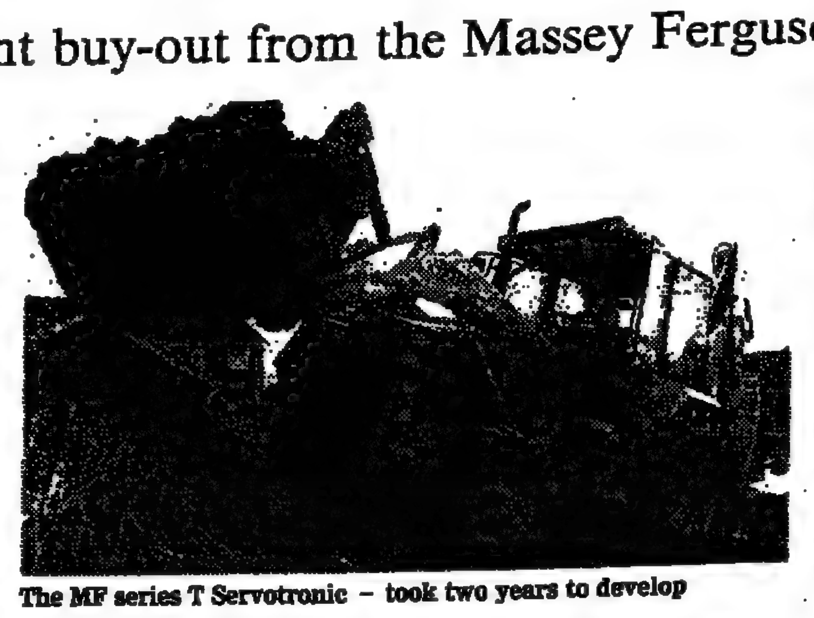
Mr Robson has spent almost as much time discussing and negotiating the buy-out as his colleagues spent developing the new control system.

The new company has been painstakingly put together this year from operations in the UK, France and Germany. Called Fermec Holdings, its products will continue to carry the MF industrial badge.

Long-term component supply deals have been negotiated with Varity, Massey-Ferguson's US parent company.

Mr Robson brought in Arthur Andersen to arrange equity and loan financing for the deal as well as working capital requirements. In a period when many venture capital companies have been concentrating on rescue work, "they knew who was investing", he said. Eventually, an international equity syndicate led by Granville was put together to support the management team, which has a 20 per cent stake.

But, with the construction equipment industry still deep in recession and European market prospects uncertain at best, does the deal make sense?



The MF series T Servotronic – took two years to develop

It certainly looks logical for Varity, which had quit the big league of construction equipment manufacturers in the late-1970s with the disposal of Hanomag of Germany (now controlled by Komatsu), and now sees its future in diesel engines, agricultural equipment and automotive parts.

Apart from components, therefore, there was little remaining synergy between Varity and MF Industrial in manufacturing or distribution, according to the Corporate Intelligence Group, which advised the equity syndicate.

For MF Industrial, Mr Robson believes there are several reasons why the buy-out should work. First, he says, an "awful lot of pain has already been taken" shrinking the company from a workforce of about 1,000 at the height of the 1988/89 boom to about 430. Another redundancy programme is under way, involving 50 to 60 employees.

But with the reduction in size has come a dramatic transformation in manufacturing methods and attitudes at MF's Stretford plant. Mr Robson, who joined MF Industrial in 1977 from Varity in Toronto, managed to persuade the parent company of the need to keep investing in the operation, whatever it decided to do with it eventually.

After £6m of investment in new machine tools and robots, a paint booth and a reorganised manufacturing flow, what Mr Robson calls "a backside of a factory" with 22 levels of piecework has been turned, he says, into one of the best in Europe with total flexibility of employment.

The new company has also taken a potentially significant decision to spend a further £1m on its own-self-contained parts operation at Stretford, in a move linked to a new emphasis on "aftercare" for customers.

Finally, Mr Robson has been careful to begin with a strong balance sheet and the ability to expand. Bank borrowings and loans of £4.4m are backed by shareholders' equity of £15.6m, and a further £7.5m borrowing facility has been agreed.

Along with almost all construction equipment companies, MF Industrial lost money last year. But it has been trading profitably since the buy-out, says Mr Robson.

According to Corporate Intelligence Group, there is "every indication that this relatively small, specialist manufacturer can prosper independently of its multinational, diversified parent".

But MF Industrial will need to draw on all its recent changes to achieve its next target – becoming Europe's second largest backhoe loader maker by the end of 1994. Its market share has hovered around 12 per cent for the past five years, but Mr Robson hopes a new outgoing approach to marketing will help it take share from rivals.

And with the single market in prospect, Mr Robson is looking to Germany in particular to reach the target. Unlike the plant-hire dominated UK market, the German owner-operator or small contractor is much more likely to pay more for special features, he says.

The company may also deepen its involvement in skid-steer loaders, a growth sector in Europe, taking on more customisation and final assembly work of products which it currently markets.

Whatever happens, though, it plans to stick by its new motto: "Large enough to serve, small enough to care."

Regal Hotel shares resume trading at ¾p

By Peggy Hollinger

Shares in Regal Hotel Group, the USM-quoted company recently rescued by a capital restructuring and creditors' voluntary agreement, resumed trading yesterday at ¾p following the successful completion of the underwriting for an £800,000 rights issue.

The company requested a suspension at 3p in September. The rights issue will be underwritten by brokers Keith Bailey Rogers.

Regal also announced the appointment of a new chief executive, Mr Charles Vere Nicolls, and that Mr Keith Goldie-Morrison was to replace Mr George Hill as chairman.

Also, two acquisitions, the Royal Oak Hotel in Yattendon and an option on St Michael's Hotel in Falmouth, have been made for a total of £500,000 in shares at 0.5p each.

Estates & Agency delays final dividend

Estates & Agency Holdings, which owns property investments in the UK, is delaying a recommendation on its final dividend for the year ended June 30 1992 until the position regarding a planned development is clarified.

The company said the unusual step has been taken primarily to retain funds, and meanwhile has declared a second interim of 0.5p, absorbing £30,000, to make 3p to date; total for the previous 18 months was 7.5p costing £450,000.

Results for the year showed gross rental income at £5.05m, and pre-tax profit of £787,000, against £7.14m and £1.08m respectively for the 18 months. Earnings per share came to 11.57p, compared with 14.24p.

Net asset value at June 30 fell to 393p per share, against 430p in 1991.

NEWS DIGEST

Modest rise at Jennings

JENNINGS Brothers, the Cumbria-based independent brewer, improved pre-tax profits from £462,000 to £479,000 in the year ended September 26.

Turnover was £9.72m (£8.57m) and trading profit rose 23 per cent to £969,000. But the property market slump hit disposals and they raised only £115,000 (£215,000), and there was no exceptional credit this time (£67,000).

Earnings were 11.6p (12p). The final dividend of 3.2p makes a total of 5p (4.8p).

Lendu buys another farm in Australia

Lendu is buying another property in southern Queensland, Australia, through the Gubbagunyah Partnership.

Consideration is A$3.25m cash (£1.45m) for the 9,029 hectares farm property, of which Lendu's share will be A$2.63m.

Receivers appointed at Beverley arm

Beverley Group, the engineering concern formerly known as Petrocon, has announced the appointment of receivers at Clydebank Engineering, a wholly-owned subsidiary.

The remaining companies in the group continued to trade normally, the directors said.

The company is also disposing of its Gorseline subsidiary to management for £1.47m.

The proceeds of the sale would be used to reduce group borrowings, the directors said.

Acquisition search costs hit Stanelco

Stanelco, manufacturer of induction heating and welding equipment, made £14,000 pre-tax profits in the six months to August 31, on £791,000 sales.

The search for acquisitions cost £30,000. Interest receivable amounted to £10,000.

The USM-quoted group was reorganised at the end of 1991.

COMPANY NOTICE

LEGAL NOTICES

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on 31.12.92: Pool purchase price £/MWh	Final Prices for Trading on 30.12.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.80	17.99	17.99
0100	22.06	22.52	23.93
0130	22.06	28.17	29.81
0200	22.06	28.17	29.76
0230	19.42	22.52	23.87
0300	19.30	22.52	23.87
0330	19.30	22.52	23.88
0400	17.53	18.27	18.27
0430	17.47	17.91	17.91
0500	17.47	17.91	17.91
0530	17.47	17.99	17.99
0600	17.47	17.99	17.99
0630	17.47	17.87	17.87
0700	17.47	18.73	18.73
0730	17.47	22.80	24.20
0800	17.47	23.00	24.39
0830	17.47	23.00	24.38
0900	20.17	23.01	24.38
0930	20.28	28.02	29.55
1000	20.28	28.02	29.58
1030	20.28	25.14	26.57
1100	20.28	23.29	24.68
1130	20.36	23.29	24.68
1200	20.47	27.65	29.20
1230	20.47	27.65	29.30
1300	20.47	27.66	29.20
1330	20.47	23.29	24.68
1400	20.47	23.29	24.69
1430	17.53	23.28	24.69
1500	17.52	23.28	24.69
1530	17.52	23.29	24.69
1600	20.17	27.64	29.36
1630	23.10	38.65	40.65
1700	28.11	46.03	51.79
1730	28.11	49.48	55.13
1800	28.11	42.12	48.39
1830	28.11	30.88	32.94
1900	28.00	28.05	29.66
1930	23.10	27.25	28.68
2000	21.80	24.56	25.91
2030	20.28	23.29	24.63
2100	20.28	23.29	24.63
2130	17.47	23.29	24.64
2200	17.45	23.28	24.65
2230	17.42	23.28	24.67
2300	17.40	18.33	18.33
2330	17.40	17.77	17.77
2400	17.45	18.33	18.33

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices in pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.80/MWh becomes 1.680p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-466789 between 8.30am and 5.15pm Monday to Friday.

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LEGAL NOTICES

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Acquisition ... costs hit Standa...

LEGAL NOTICES

NEW YEAR HONOURS

Life peerage puts Shirley Williams back at Westminster

Baroness Blatch *privy counsellor* · 'Chips' Keswick *knight* · Roger Moate *knight* · Geoffrey Inkin *knight* · Sir Peter Emery *privy counsellor* · Christopher Lewinton *knight* · Duncan Nichol *knight* · Geoffrey Mulcahy *knight* · Robert Clarke *knight* · Jerry Wiggin *knight*

Below is a selection from the Queen's New Year Honours list

LIFE PEERS

Shirley Vivien Teresa Brittain Williams, founder member and former president of the Social Democratic Party

PRIVY COUNSELLORS

Baroness Emily May Blatch, minister of state, Department for Education, for political service
Sir Percy Cradock, formerly foreign policy adviser to the Prime Minister
Sir Peter Frank Hannibal Emery, for political service (MP, Honiton)
Sir Peter Mandelay Hordern, for political service (MP, Horsham)
Sir John Daniel Wheeler, for political service (MP, Westminster North)

COMPANIONS OF HONOUR

Sir Victor Sawdon Pritchett, writer

KNIGHTS BATCHELOR

Malcolm Henry Arnold, composer
Robert George Alexander Balchin, chairman, Grant Maintained Schools Foundation
Francis Christopher Buchan Bland, chairman, Hammersmith and Queen Charlotte's Hospitals Special Health Authority
John Freeman Chatfield, former chairman, Association of County Councils
Robert Cyril Clarke, chairman, United Biscuits (Holdings), for services to the food industry
Harry Ari Simon Djanogly, for charitable services
David Paradine Frost, broadcaster and journalist
Professor Henry Harris, for contributions to medical research
Anthony Hopkins, actor
Eric Waldo Benjamin Howells, for political and public service
Professor David Hull, professor of child health, University Hospital Nottingham
Geoffrey David Inkin, chairman, Cardiff Bay Development Corporation, chairman, Land Authority for Wales
John Raymond Johnstone, chairman, Forestry Commission, for public service in Scotland
John Chippendale Lindley Keswick, chairman, Hambros Bank, for services to banking
Michael Anthony Latham, formerly MP for Rutland and Melton, for political service
Christopher Lewinton, chairman and chief executive, TI Group, for services to the engineering industry
Alistair John Mackechnie, for political service
Peter Mansfield, professor of physics, Magnetic Resonance Centre, University of Nottingham
Roger Denis Moate, for political service (MP, Faversham)
Geoffrey John Mulcahy, chairman and chief executive, Kingfisher, for services to the retail industry
Col Stuart Richard Newman, for political service
Charles Wilfrid Newton, chairman of London Transport and of London Underground
Duncan Kirkbride Nichol, chief executive, National Health Service Management Executive
Paul Douglas Nicholson, for services to industry and to the public in North East England
Professor David Keith Peters, regius professor of physic, University of Cambridge
Professor John Cyril Smith, for services to academic law
John Alan Thomas, head of the Defence Export Services Organisation, Ministry of Defence
Judge Lawrence John Verney, Recorder of London
William Whitfield, senior partner, Whitfield and Partners, for services to architecture
Alfred William (Jerry) Wiggin, for political service (MP, Weston-super-Mare)

ORDER OF THE BATH – KCB

Thomas Stuart Legg, permanent secretary, Lord Chancellor's Department

CB

Trevor Buckley, Ministry of Defence
Eric Caines, Department of Health
Stephen Rex Davie, Cabinet Office
Christopher David Daykin, Government Actuary
Ian Malcolm Dunbar, Home Office
Huw Prideaux Evans, H.M. Treasury
David Charles Thomas Eves, Health and Safety Executive, Department of Employment
John Hepworth Holroyd, first civil service commissioner, Office of Public Service and Science
Donald William Limon, clerk assistant, House of Commons
Roger Davis Munrow, former chief master, chancery division, Lord Chancellor's Department
John Laughlin Semple, permanent secretary, Department of Finance and Personnel, Northern Ireland Civil Service
Robin John Alfred Sharp, Department of the Environment
Jeremy Bernard Surr, Department of Employment
Euan Ross Sutherland, parliamentary counsel
Alan Ronald Titchener, Department of Trade and Industry
William Alastair Paterson Weatherston, Scottish Office
Irving Yass, Department of Transport

ORDER OF ST MICHAEL AND ST GEORGE – KCMG

Cranley Gordon Douglas Onslow, for political service, (MP, Woking)

ROYAL VICTORIAN ORDER – KCVO

(John) Robin Catford, secretary for appointments to the prime minister
Sir Ashley Charles Gibbs Ponsonby, chairman, Colville Estate

ORDER OF THE BRITISH EMPIRE – DBE

Catherine Cookson, novelist
Mrs M.D. Corsar, national chairman, Women's Royal Voluntary Service
Mrs M.A. Glen-Haig, for services to sport
Miss A.L. McLaren, research fellow, King's College, Cambridge, for services to science
Mrs A. Penhaligon, for political and public service
Margaret Price, opera singer

KBE

Terence Langley Higgins, for political service, (MP, Worthing)

CBE

Miss I.V. Allen, professor of neuropathology, Queen's University, Belfast
Richard Armstrong, conductor
Mr F. Barlow, managing director and chief operating officer, Pearson Group
Mr J.A. Barnes, director-general, City and Guilds of London Institute
Mr P.G. Beazley, MEP, Bedfordshire South
Mr K. Bellamy, Department of Social Security
Prof J.E. Beringer, professor of molecular genetics, Bristol University
Mr R.R.C. Bloomfield, chairman, Ministry of Agriculture, Fisheries and Food's Anglia Regional Panel
Mr L. Borley, former director, National Trust for Scotland
Mr P. Bowring, for voluntary services to the arts and to the elderly
Lord Brabourne, film and television producer
Mr C.R. Byford, for political and public service
Mr G.A.D. Coghlan, chairman, West Birmingham Health Authority
Mr P.J.A. Coldstream, director, The Council for Industry and Higher Education
The Reverend F.C. Copleston, professor emeritus of the History of Philosophy, Heythrop College, London
Mr R.D. Corley, managing director, Clerical, Medical and General Life Assurance Society
Mr S. Coroh, for services to Christian-Jewish relations and for charitable services
Leslie Crowther, president, Lord's Taverners, for charitable services
Mr A. Daly, managing director, Engineered and Agritechnical Products, GKN
Mr D.G.E. Davies, for services to local government and to the community in West Wales
Mr P.H. Dean, deputy chairman, Monopolies and Mergers Commission
Mr J.C.P. Edmonds, member, British Railways Board
Mr F.M. Everard, president, Chamber of Shipping, chairman, F T Everard and Sons Limited
Mr B.L. Eyre, chief executive and deputy chairman, United Kingdom Atomic Energy Authority
Mr A. Fergusson, HM Board of Customs and Excise
Mr E.P. Foden, chairman and chief executive, ERF (Holdings)
Mr C.J. Ford, head, National Museum of Photography, Film and Television, Bradford
Mr A.D. Garrett, deputy master and comptroller, Royal Mint
Mr J.M. Goodman, for political service
Mr D.J. Graham, chief constable, Cheshire Constabulary
Prof D.J. Greenwood, head, Department of Soils and Crop Nutrition, Horticulture Research International, Wellesbourne
Mr P.B. Greenwood, for political service
Mr H.H. Gunson, national director, National Directorate of the Blood Transfusion Service
Mr R.W. Hall, executive director of operations, Nuclear Electric
Mr A.R. Cole-Hamilton, former chief executive, Clydesdale Bank
Mr M. Hart, professor of physics, University of Manchester
Mr D.A.C. Heigham, economist, Department of the Environment
Mr F.C. Henshaw, former general manager, Milton Keynes Development Corporation
Mr J.M. Howie, Regius Professor of Mathematics, University of St Andrews
Mr E.C. Humphreys, main board director, Dalgety
Mr D.C. Ingman, chairman, British Waterways Board
Mr J.D. Jackson, chairman and chief executive, The Centaur Clothes Group Limited
Prof W.P.T. James, director, Rowett Research Institute, Aberdeen
Mr J.F. Jarvis, owner, Jarvis Hotels, for services to tourism
Mr P.J. Jonas, general director, English National Opera
Mr A.E. Jones, president, International Badminton Federation
Mr J.O. Keir, director supply, Rolls-Royce
Prof D.H. Lawson, for services to the Committee on the Review of Medicines
Mr R.J. Lewis, director of social services, Stockport
Lord Long, Lord in Waiting (government whip), for political service
Mr R.G. Lusk, HM Board of Inland Revenue
Mr M.J. Manser, principal, Manser Associates
Mr C.R. Mason, former president, Institute of Purchasing and Supply, for services to industry
Mr J. Mather, chairman and chief executive, Clydeport Limited
Mr C.M.A. McCarthy, deputy chairman, McCain Foods GB, for services to the potato processing industry
Mr D. McCullin, freelance photojournalist
Mr T.P. Melia, former chief inspector, HM Inspectorate of Schools
Mr A.P. Mitchell, chairman, Van Heyningen Brothers

Shirley Williams – *life peerage*

Mr J. Moores, chairman of governors, Liverpool John Moores University
Mr A.F. Morrison, chairman and managing director, Morrison Construction Group
Mr W.C.C. Morrison, deputy senior partner, KPMG Peat Marwick
Mr W.R. Morrow, chairman, Milk Marketing Board for Northern Ireland
Mr A.A. Mullett, director-general, National Criminal Intelligence Service
Mr D.J. Northrup, Ministry of Defence
Mr J.R. Pearson, county chief fire officer, Hampshire Fire and Rescue Service
Mr P.A. Power, Ministry of Agriculture, Fisheries and Food
Mr S.T. Raszell, for political and public service
Prof J. Richmond, for services to academic medicine
Mr J.D.M. Robertson, chairman, Highland Health Board
Prof A. Rutherford, former warden, Goldsmiths' College
Mr T.W. Sage, assistant comptroller, Patent Office
Mr P.B. Sanders, chief executive, Commission for Racial Equality
Mr G.C. Schild, director, National Institute for Biological Standards and Control
Mr J.E. Scotford, county treasurer, Hampshire County Council
Mr (James) C. Sharp, managing director, Northern Rock Building Society, chairman, Council of the Building Societies Association 1991-1992
Mr C.D. Shaw, director, Broadcasting Standards Council
Mr C.V. Silver, deputy chairman and managing director, Marks and Spencer
Mr D.B. Sinclair, former chairman, Potato Marketing Board
Mrs J.D. Buchanan-Smith, for political and public service
Mrs P.V. Smith, for political and public service
Mr M.J. Searle, Foreign and Commonwealth Office
Mr W.L. Sparks, Home Office
Mr W.J. Speechley, chairman, Education Committee, Lincolnshire County Council
Prof. A.A. Spence, president, Royal College of Anaesthetists
Miss D.F. Statham, director, National Institute for Social Work
Mr A.B. Tayler, director, Centre for Industrial and Applied Mathematics, University of Oxford, for services to science and to industry
Mr M.G. Taylor, vice-chairman, Hanson, for services to industry
John Thaw, actor
Mr N.E.D. Thomson, sheriff of Lothian and Borders, Edinburgh Sheriff Court
Mr N.E. True, special adviser to the prime minister
Mr F.W. Walbank, Rathbone professor emeritus of Ancient History and Classical Archaeology, University of Liverpool
Mr C. Warbrick, leader, Trafford Metropolitan Borough Council
Mr P.G. Weekes, chairman, Garden Festival Wales 1992
Mrs A. Weinstock, chief executive, Rathbone Society. Director, Training and Enterprise Council, Manchester. For services to the training of people with learning difficulties
Mr J.D. Wheatley, board member and former chief executive, National Rivers Authority
Mr A.E. White, chairman, Biwater
Mr D.C. Wigglesworth, former chairman, Confederation of British Industry's Economic Situation Committee. For services to industry
Mr E.W. Wills, official solicitor, Church Commissioners
Prof H.C.S. Wood, chairman, governing body, Glasgow Polytechnic
Mr D.E.R. Yorke, former senior partner, Weatherall Green and Smith, for services to surveying
Jimmy Young, broadcaster

OBE

Kate Adie correspondent, BBC
Prof D.E.H. Balmford, chief scientist, Westland Helicopters
Mr P.M. Barrett, chairman, Tropical Africa Advisory Group
Rev. K.V.J. Bartlett, lately assistant chief executive, Housing Corp
Mr J.J. Bash, director, Commission for Local Administration in England
Mr T.W. Baugh, regional managing director, Vickers Marine Engineering
Mr G.F. Beltin, chairman and managing director, MI Technologies
Mr C.J. Beynon, for services to agriculture in Wales
Mr R.A. Bicharton, senior adviser, ED and F Man (Coffee)
Prof W. Black, for services to economic development in Northern Ireland
Mr J.P. Blakey, chief horticultural marketing inspector, MAFF
Mr H.W. Bradley, director, University of Cambridge Institute of Education
Mr J.H.T. Brewer, research consultant, Vickers
Mr G. Brown, chief executive, Dunfermline District Council
Mr E.R. Bryan, professor of civil engineering, Salford University
Prof R.A. Buchanan, director, Centre for the History of Technology, University of Bath
Roy Castle, entertainer
Mr D.T. Chambers, director, DCE group
David Coleman, sports journalist
Mr R.A.H. Collings, consultant, Manchester Ship Canal
Mr J.E. Cox, chairman, Air Transport Users' Committee
Mr W.R. Cruickshank, convener, Banff and Buchan district council
Paul Davies, correspondent, ITN
Mr D.G.M. Davis, managing director, Dowty Aerospace Propellers
Mr G.H.G. Doggart, lately treasurer, MCC
Mr W.R.G. Eakin, chairman, Parkman Consulting Engineers
Prof M.F. Edwards, principal engineer, Unilever Research
Mr T.T. Edwards, assistant director, British Nuclear Fuels
Mr R.L. Evans, general secretary, Iron and Steel Trades Confederation
Mrs A. Ferguson, head of advertising and sponsorship, ICI
Mr D.J. Foulis, director, Cammell Laird Shipbuilders
Mr P.J. Ginger, vice president, defence marketing, British Aerospace
Evelyn Glennie, musician
Mr B.S. Goodlund, lately director, Texaco
Mr R.J. Goringe, director, Chemical Industries Association
Mr G.P. Gray, lately deputy chairman, Rural Development Commission
Sally, Lady Greengross, director, Age Concern England
Mr N.F. Hackett, president, Rotary International
Mr C.E. Hadley, managing director, British Alcan Wire and Conductor
Mr J.C.G. Halley, chairman, William Halley and Sons
Mr F. Harding, director, Milk Marketing Board
Mr S.M.F. Harris, lately director and senior general manager, Guardian Royal Exchange
Mr P.T. Hughes, chairman and managing director, Glencast
Mr J.M. Hyslop, managing director, AOC International
Mr J.C.O. Johnston, director, Tilbury Douglas Construction
Mr R.T. Jordan, director, Northern Ireland Chamber of Commerce
Mrs J.S.T. Langton, lately director, British Standards Institution
Mr I.L. Livingstone, chairman, Lanarkshire Development Agency
Mr D. McKeeman, lately manager, British Telecom
Mr D. McLean, director, Cumbernauld Development Corporation
Mr U.G. Morrison, convener, NFU Scotland
Alberto Morrocco, artist
Stanley Patterson, for services to archery
Mr M.J. Reilly, president, Calsonic International (Europe)
Mr M.G. Richards, managing director, MVA Group
Mrs H. Robinson, board member, London Transport
Mr J.J.T. Dillon-Robinson, lately member of the council, NFU
Mr N.A. Royce, consultant architect, Royce Hurley and Stewart
Mr D.R. Samuel, director, South Wales Electricity
Mr A.H. Sanderson, chairman, Cavaghan and Gray
Mrs H.E. Sheerin, board member, Scottish Homes
Mr I.D. Shelley, lately director, Royal Institute of Public Administration
Mr A.H. Simon, chairman, Evode Group
Mr A. Sleight, controller, Fosseco International
Mrs I.A.I. Snelling, headteacher, Stratford Grant Maintained School
David Sole, for services to Rugby Union Football
Michael Stewart, lately manager, England Cricket Team
Mr J.H. Stoner, consultant to the banking industry
Gordon Strachan, for services to Association Football
Mr J.G. Sunley, timber consultant
Prof A.J. Newman-Taylor, Industrial Injuries Advisory Council
Mr N. Thomson, cameraman, ITN
Richard Todd, actor
Prof C.W. Trowbridge, chairman, Vector Fields
Mr P.G. Walker, chairman, Watmoughs (Holdings)
Mr M.J. Webber, national training manager, Biscuit, Cake, Chocolate and Confectionery Alliance
Mr P.R. Whitbourne, regional director, English Heritage
Prof D.R. Williams, member, Radioactive Waste Management Advisory Committee
Mr R.O. Windley, chief executive, BMSC Aero and Industrial Technology
Mr J.M. Woodall, managing director, Woodall Mechanical Services
Mrs A.B. Yeoman, chairman, Foster Yeoman

MBE

Mrs E.A. Atchison, lately librarian, Agricultural and Food Research Council
Mr J. Barr, manager, Yarrow Shipbuilders
Mr O.W. Barratt, lately secretary, Cockburn Association
Mr R.E. Beattie, manager, IBM Scotland Community Investment Programme
Miss M.A. Bedington, lately higher executive officer, Crown Prosecution Service
Mr N. Bain, overseas consultant to the Overseas Development Administration
Tadek Beutlich, weaver
Mr J.F. Blanchard, for services to the pig industry
Mr B.S. Blower, chief executive, Caldmore Area Housing Association, Walsall
Christopher Boardman, for services to cycling
Mr T. Boundy, lately chief veterinary officer, Royal Welsh Agricultural Society
Mr W. Bearhill, chairman, East Motherwell District Housing Association
Mr A. Bradley, chairman, Wearside Business Education Council
Mr B.S. Brewster, general medical practitioner, Settle
Mr R.E. Bridges, general manager, Westcourt Industries
Mr L.D. Burton, associate director, Dewhirst Rosebon
Mrs V.A. Butcher, joint managing director and owner, Bluemay
Mrs J. Byrne, personal secretary, British Nuclear Fuels
Mrs J. Carmichael, managing director, Marifoo
Mr R.J. Cattermole, senior executive officer, the Patent Office
Mrs E.M. Challis, personal secretary, Science and Engineering Research Council
Mrs H.M. Cook, typing manager, the Insolvency Service
Mr K.R. Creer, chief photographer, Metropolitan Police forensic science laboratory
Mrs A.B. Crick, personal secretary, Health and Safety Executive
Mr F. Crowther, executive engineer, British Aerospace
Mr J. Davies, manager, Sedgwick Computing Group
Sharron Davies, for services to swimming
Mr D.L. Edgerton, lately of HMSO
Mar S.J.M. Edmunds, secretary, London Society of Chartered Accountants
Mrs E.M. (Sally) Ellis, social secretary, Wembley
Mr J.W. Enever, careers officer, London Borough of Tower Hamlets
Brian Evans, musical director, Pavilion Opera
Miss G.D. Fancote, member, Birmingham City Council
Mr K. Felgate, general secretary, Licensed Taxi Drivers Association
Prof P.M. Fidler, dean, faculty of the built environment, University of the West of England, Bristol
Mr D.A. Fegg, acting chief executive, Allerdale District Council, Cumbria
Mr J.M. Fordham, port engineer, Grimsby and Immingham, Associated British Ports
Mr E.R. Foxlow, principal consultant, CP Europe
Mrs J.D. Gatemore, chief archivist to the Post Office
Mr K.W. Gedhun, personnel manager, SCA Packing
Mr D. Gibbons, chairman, RSVP Advisory Group
Mrs E.L. Gilding, director, the Royal London Trust
Nicholas Gillingham, for services to swimming
Mrs K. Glendinning, senior trustee and administrator, Dunhill Medical Trust
Mr M.C. Gower, director, Extech
Jean Graham, for services to tennis
Mrs R. Graham, personnel assistant, National House Building Council, Northern Ireland
Sally Gunnell, for services to athletics
Mr I.D.G. Hall, regional general manager, Meat and Livestock Commission
Mr R. Hamilton, director, Strathspey Railway
Mr K.G. Hammond, lately senior executive officer, Property Services Agency International
Mr R. Harris, for services to the South Wales Argus Group
Mr I.M. Hellmann, freelance architect
Mr G.G.P. Herbert, for services to rowing
Mr J.A.R. How, commissioner, Royal School of Church Music
Miss H.I. Irvine, lately senior executive officer, Ministry of Defence
Mr H.G. Jenkins, director, Mid Reynolds
Mrs S. Jones, contracts manager, Northumberland Family Health Services Authority
Mr A.H.C.G. Kimmerling, chairman, CEMA works
Sean Kerly, for services to hockey
Mr W.P. Kirkman, director, Wolfson College press fellowship programme
Mr E.A. Knights, manager, Anglian Water
Mr Z.T.J. Koenazki, chairman, Starkey's Technicast
Rev. E. Lancaster, managing director, Kimbolton Fireworks
Mr C.G. Lang, chairman, C.J. Lang and Son
Mr A.E. Langmack, editor, Berwick Advertiser
Miss M. Law, consultant, Ove Arup and Partners
Mr D.A. Lawrence, director, BR Property Board
Mr A. Lawson, manager, Silverwood Colliery
Mrs U.T. Lee, lately personal secretary, Office of Public Service and Science
Mr J.F.G. Lock, lately engineer, Fina
Mr A.P. Mace, managing director, Stadco
Mr D. MacKenzie, executive secretary, Federation of Civil Engineering Contractors
Mr F. Manning, farm manager, Askham Bryan College, York
Mr J. Mayne, senior executive officer, Ministry of Defence
Mr J.D. McConaghey, divisional manager, Matra Marconi Space UK
Mr T. McKinney, manager, Dromona Quality Foods
Mrs K. Mount, chairman, Committee for the Employment of People with Disabilities
Mr B. [illegible], manager, Vickers Defence Systems
Mr A. Nicholls, director, Rolls Royce
Jackie [illegible], golfer
Mr T.E. Pike, chairman, Mrs Elizabeth King
Mr H.M. Pollard, lately of the Banking, Insurance and Finance Union
[illegible], for services to rowing
Mr A.C. Pollard, managing director, Syndicate Underwriting Management
Miss E. Rhodes, director, Aberdeen [illegible]
Mr G. Rowan, proprietor, Green Savage and Co
Gregory Searle, for services to rowing
Jonathan Searle, for services to rowing
Mr E.C.R. Simpson, lately assistant general manager, Yorkshire Bank
Mr B. Smith, managing director, [illegible] Radios
Mr R. [illegible], manager, British Telecom
Mr R.J. Swan, lately manager, [illegible]
Mr M. Sweet, director general, National Caravan Council
Mr W. [illegible], superintendent, BP Chemicals
Mr H.S. Tolley, chief executive, Coventry and East Mercia Co-operative Society
Mr R. Wade, managing director, Bede Scientific Instruments
Mr D. Wells, director, British Aerospace
Mr R. [illegible], manager, National Rivers Authority
Mr T.W. Wilson, manager, Pilatus Britten-Norman
Mr W.M. [illegible], manager, Rolls Royce and Associates

WORLD COMMODITIES PRICES

MARKET REPORT

COFFEE futures came under heavy pressure at the London Futures and Options Exchange yesterday in to continued speculative and investment fund liquidation in New York. The March delivery position ended $25 down at $1,010 a tonne and dealers said there might be scope for further losses in the short term. But they thought the market's constructive fundamentals would prompt a recovery in the new year. **COCOA** prices were also lower but the market remained near the upper end of its recent trading range. As the March futures price closed £5 lower at £693 a tonne dealers said that it continued to run into upside resistance in the £700 area, while key support remained at £657. Trading remained routine at the London Metal Exchange. **NICKEL** recovered Tuesday's slippage but was unable to erode resistance above $5,900 a tonne for three months metal. **LEAD** lacked follow through to Tuesday's advance and the three months price fell £5.25 to £300.75 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.15-6.20u	-0.30
Brent Blend (dated)	$17.80-7.85u	-0.15
Brent Blend (Feb)	$18.20-8.25	-.175
W.T.I (1 pm est)	$19.50-9.60	-.125
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$191-193	
Gas Oil	$180-181	-1
Heavy Fuel Oil	$73-74	-0.5
Naphtha	$179-180	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$333.05	+0.4
Silver (per troy oz)♣	368.5c	+3
Platinum (per troy oz)	$354.80	-3.55
Palladium (per troy oz)	$106.25	
Copper (US Producer)	106.0c	+1.5
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.63r	+0.03
Tin (New York)	267.5c	-1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	114.86p	-0.85*
Sheep (live weight)†♣	84.30p	+0.71*
Pigs (live weight)†	87.18p	+2.00*
London daily sugar (raw)	$211.0w	+5
London daily sugar (white)	251.0w	+1.5
Tate and Lyle export price	£248.0	+3
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	Unq	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	64.25p	+0.75
Rubber (Mar)♥	64.75p	+1
Rubber (KL RSS No 1 Jan)	231.0m	+0.5
Coconut oil (Philippines)§	$475y	-5
Palm Oil (Malaysian)§	$405z	
Copra (Philippines)§	$302.50	+12.5
Soyabeans (US)	£173.0	
Cotton "A" index	54.85c	+0.3
Wooltops (64s Super)	398p C	

C Rates shown for Dec23. £ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Feb/Mar u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	187.00	180.40		
White	Close	Previous	High/Low	
Mar	249.50	250.00	250.00	249.10
May	251.40	252.00	251.50	251.00
Aug	257.00	257.90	257.40	257.00
Oct	244.50	245.40	244.50	244.10

Turnover: Raw 0 (32) lots of 50 tonnes. White 373 (880) Paris- White (FFr per tonne): Mar 1390.00 May 1416.51

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Feb	18.25	18.34	18.30	18.17
Mar	18.36	18.41	18.39	18.26
Apr	18.39	18.43	18.43	18.36
May	18.44	18.42	18.45	18.40
Jun	18.45	18.41	18.48	18.43
Jul	18.44	18.47	18.46	18.44
IPE Index	18.40	18.89	18.40	

Turnover 18600 (19357)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	175.00	176.00	175.25	173.75
Feb	176.25	177.25	176.25	174.75
Mar	174.50	176.50	174.75	174.00
Apr	171.25	173.00	172.00	171.00
May	169.50	171.75	171.00	169.50
Jun	168.75	170.75	170.00	168.75
Jul	171.00	173.00	171.00	
Aug	173.00	175.75	173.75	173.00
Sep	175.25		175.00	

Turnover 8643 (6049) lots of 100 tonnes

WOOL
Christmas and new year holidays inevitably keep the market at a virtual standstill. There are no wool sales and most textile producers are closed in the UK till next week. A subdued close to the wool selling season in Australia provided no incentive to trade buyers at the manufacturing end of the industry, though early reports do indicate encouraging consumer demand for clothing over the important Christmas season. Currency markets are not fully tested but further strength in the US dollar is already a feature and enhances wool costs in many wool-using countries.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	685	689	690	680
Mar	693	698	695	689
May	708	714	709	705
Jul	722	729	723	720
Sep	737	744	738	734
Dec	762	767	759	757
Mar	781	785	783	777
May	797		797	
Jul	810		813	808
Sep	826		827	823

Turnover: 4431 (2593) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.28 748.83 (738.55) 10 day average for Dec 24 732.41 (730.67)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	990	1017	1010	987
Mar	1012	1035	1028	1010
May	992	1018	1006	989
Jul	984	1011	1000	984
Sep	993	1023	997	992
Nov	1005	1032	1015	1005

Turnover:4488 (3502) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.29: Comp. daily 64.82 (65.99) 15 day average 64.73 (64.58)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	63.7		63.0
May	70.5	70.5	70.5

Turnover 24 (5) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Feb	157.00	157.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Jan	1315		1315
BFI	1375	1376	1375

Turnover 3 (0)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	136.70	136.90	136.90	136.70
Mar	138.25	138.30	138.35	138.25
May	140.25	140.30	140.40	140.25
Barley	Close	Previous	High/Low	
Jan	132.00	132.15	132.00	
Mar	134.30		134.30	

Turnover: Wheat 129 (167), Barley 22 (9).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Jan	105.0		103.0
Apr	104.0	103.0	103.0

Turnover2 (2)lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 28,126 lots	
Cash	1239.5-40.5	1236-7		1238.5-9		
3 months	1262-3	1258-60	1265/1257	1261-1.5	1261-2	N/A
Copper, Grade A (£ per tonne)					Total daily turnover 34,835 lots	
Cash	1500-2	1500.5-2.5	1502	1501-2		
3 months	1526-7	1526-8	1528/1526	1527-8	1526-7	N/A
Lead (£ per tonne)					Total daily turnover 2,108 lots	
Cash	300.5-1	305.5-6.5	301.5/300.5	300.5-1		
3 months	311-1.25	316-7	313/310.5	311.5-2	310-1	N/A
Nickel ($ per tonne)					Total daily turnover 6,601 lots	
Cash	5835-45	5795-805	5816/5810	5805-10		
3 months	5900-10	5870-5	5910/5880	5875-80	5895-900	N/A
Tin ($ per tonne)					Total daily turnover 3,376 lots	
Cash	5775-85	5765-70		5780-5		
3 months	5840-5	5830-5	5850/5835	5840-2	5840-5	N/A
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,157 lots	
Cash	1058-60	1057-8	1056	1056-6.5		
3 months	1076.5-7	1076-7	1078/1072	1075-5.5	1075-5.5	N/A

LME Closing £/$ rate:
SPOT: 1.5125 · 3 months: 1.5002 · 6 months: 1.4912 · 9 months: 1.4836

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	332.90-333.20	
Opening	332.20-332.50	
Morning fix	332.30	219.993
Afternoon fix	332.90	219.736
Day's high	333.20	333.50
Day's low	332.10	332.40

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.06	6 months	1.96
2 months	1.30	12 months	2.33
3 months	1.40		

Silver fix	p/troy oz	US cts equiv
Spot	242.10	366.30
3 months	246.20	369.25
6 months	250.05	372.55
12 months	257.40	380.05

GOLD COINS	$ price	£ equivalent
Krugerrand	332.50-335.00	219.00-221.00
Maple leaf	343.10-345.35	-
New Sovereign	80.00-82.00	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1225	38	73	10	22
1250	22	57	19	31
1275	12	44	34	42
Copper (Grade A)	Calls		Puts	
2250	53	83	19	38
2300	26	56	42	60
2350	11	36	76	90
Coffee	Mar	May	Mar	May
950	76	112	17	21
1000	47	84	36	83
1050	27	37	66	96
Cocoa	Mar	May	Mar	May
650	53	71	10	14
675	36	54	18	22
700	24	40	31	33
Brent Crude	Feb	Mar	Feb	Mar
1800		62	13	29
1850	9	37	36	
1900	5	19		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	332.8	332.5	332.3	332.3
Feb	333.3	332.8	333.7	332.3
Apr	334.4	333.9	334.9	333.6
Jun	335.8	335.3	336.2	335.0
Aug	337.2	336.7	0	0
Oct	338.8	338.3	0	0
Dec	340.5	340.0	0	0
Feb	342.6	342.1	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	355.0	356.0	358.3	353.0
Apr	353.5	355.1	354.5	351.7
Jul	351.9	354.1	354.0	352.0
Oct	350.9	353.1	352.6	352.5
Jan	350.9	353.1	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	366.7	364.6	365.5	365.5
Feb	367.8	365.8	0	0
Mar	368.7	366.7	370.0	365.5
May	371.4	369.4	372.0	368.0
Jul	374.0	372.0	374.0	371.0
Sep	376.8	374.8	0	0
Dec	381.2	379.2	382.0	378.5
Jan	382.4	380.4	0	0
Mar	386.3	384.2	387.0	387.0
May	390.0	387.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	101.90	101.85	102.05	101.75
Feb	102.45	102.30	0	0
Mar	102.85	102.70	103.15	102.60
Apr	103.15	103.00	0	0
May	103.40	103.25	103.65	103.25
Jun	103.60	103.45	0	0
Jul	103.80	103.65	104.05	103.70
Aug	103.95	103.85	104.05	104.05
Sep	104.05	104.05	104.30	104.15

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Feb	19.58	19.64	19.62	19.53
Mar	19.68	19.72	19.71	19.64
Apr	19.76	19.79	19.79	19.72
May	19.79	19.83	19.81	19.77
Jun	19.82	19.85	19.85	19.80
Jul	19.82	19.86	19.84	19.82
Aug	19.84	19.86	19.84	19.82
Sep	19.85	19.87	19.85	19.83
Oct	19.85	19.88	19.86	19.83
Nov	19.85	19.88	19.86	19.82

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jan	56.75	56.79	57.00	56.40
Feb	57.50	57.86	58.00	57.20
Mar	57.05	57.38	57.50	57.00
Apr	56.20	56.43	56.45	56.10
May	54.95	55.30	55.40	54.95
Jun	54.55	54.82	55.20	54.50
Jul	54.70	54.98	54.85	54.65
Aug	55.35	55.43	55.35	55.35
Sep	56.35	56.58	0	0
Oct	56.95	57.48	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	928	936	945	925
May	958	964	967	953
Jul	979	989	992	979
Sep	1003	1013	1018	1003
Dec	1036	1043	1046	1033
Mar	1068	1075	1079	1065
May	1088	1095	0	0
Jul	1110	1120	1125	1113
Sep	1136	1140	1143	1135

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	75.80	77.60	78.25	75.30
May	80.25	81.45	82.20	79.50
Jul	81.75	82.90	83.50	81.10
Sep	83.45	84.25	84.00	83.00
Dec	85.25	86.10	86.50	85.25
Mar	86.25	87.55	0	0
May	88.25	88.85	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.39	8.36	8.41	8.34
May	8.50	8.50	8.51	8.46
Jul	8.58	8.52	8.58	8.52
Oct	8.60	8.56	8.60	8.56
Mar	8.71	8.67	0	0
May	8.81	8.77	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	58.91	58.80	58.95	58.40
May	59.94	59.75	60.03	59.58
Jul	60.98	60.73	61.00	60.60
Oct	60.00	59.80	60.10	59.80
Dec	58.84	58.60	58.84	58.65
Mar	59.60	59.43	0	0
May	59.90	59.85	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	86.75	84.85	87.00	83.00
Mar	90.70	88.45	90.80	86.70
May	93.50	91.35	93.50	89.60
Jul	94.75	92.30	95.00	91.50
Sep	94.75	92.80	95.80	93.25
Nov	94.75	92.80	0	0
Jan	97.00	92.80	97.00	94.50
Mar	94.75	95.30	0	0
May	94.75	95.30	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Dec.30	Dec.29	mnth ago	yr ago
1703.1	1699.0	1674.1	-

DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.29	Dec.28	mnth ago	yr ago
Spot	121.34	121.67	109.67	120.79
Futures	121.85	122.19	119.78	120.44

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	568/0	567/6	570/2	566/6
Mar	570/6	572/6	575/2	570/2
May	577/2	579/0	581/4	577/0
Jul	583/4	585/6	587/6	583/0
Aug	587/2	587/6	589/4	587/2
Sep	587/4	587/2	589/4	587/4
Nov	590/6	591/4	593/6	590/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	20.32	20.34	20.40	20.30
Mar	20.56	20.54	20.73	20.50
May	20.79	20.80	20.95	20.74
Jul	20.97	20.98	21.15	20.94
Aug	20.99	20.98	21.15	20.99
Sep	21.01	21.03	21.25	21.01
Oct	21.01	21.08	21.08	21.01
Dec	21.10	21.20	21.25	21.10

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	186.6	186.8	187.7	186.5
Mar	185.1	185.2	185.7	185.0
May	184.9	184.9	185.5	184.7
Jul	186.7	186.7	187.3	186.3
Aug	187.4	187.4	187.8	187.2
Sep	188.3	188.4	188.7	188.2
Oct	189.7	189.9	0	0
Dec	192.0	191.8	192.0	192.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	216/2	217/4	217/4	216/0
May	223/4	224/4	224/6	223/2
Jul	229/2	230/2	230/4	229/0
Sep	233/6	234/4	234/6	233/6
Dec	239/2	239/6	240/0	239/0
Mar	246/0	246/6	247/0	246/0
May	250/4	251/4	251/4	250/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	351/4	349/2	352/6	346/4
May	337/4	335/2	338/0	335/4
Jul	315/2	313/2	315/4	313/6
Sep	321/0	318/0	321/0	320/0
Dec	331/4	329/4	331/6	331/0
Mar	336/4	334/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	76.175	76.275	76.250	76.025
Apr	76.025	76.150	76.125	75.900
Jun	72.425	72.425	72.450	72.300
Aug	70.550	70.825	70.625	70.625
Oct	70.825	70.925	70.950	70.800
Dec	71.700	71.825	71.700	71.600
Feb	76.175	76.275	76.250	76.025

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	43.600	43.566	43.675	43.425
Apr	42.375	42.375	42.450	42.225
Jun	46.850	46.825	46.975	46.750
Jul	46.475	46.575	46.750	46.450
Aug	45.325	45.300	45.350	45.100
Oct	41.500	41.400	41.500	41.350
Dec	42.850	42.700	42.850	42.750
Feb	42.950	42.950	0	0
Apr	40.900	40.900	0	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	37.650	37.300	38.250	37.250
Mar	38.075	37.475	38.400	37.350
May	39.300	38.850	39.650	38.650
Jul	39.825	39.350	39.975	39.150
Aug	38.700	37.700	38.300	37.900

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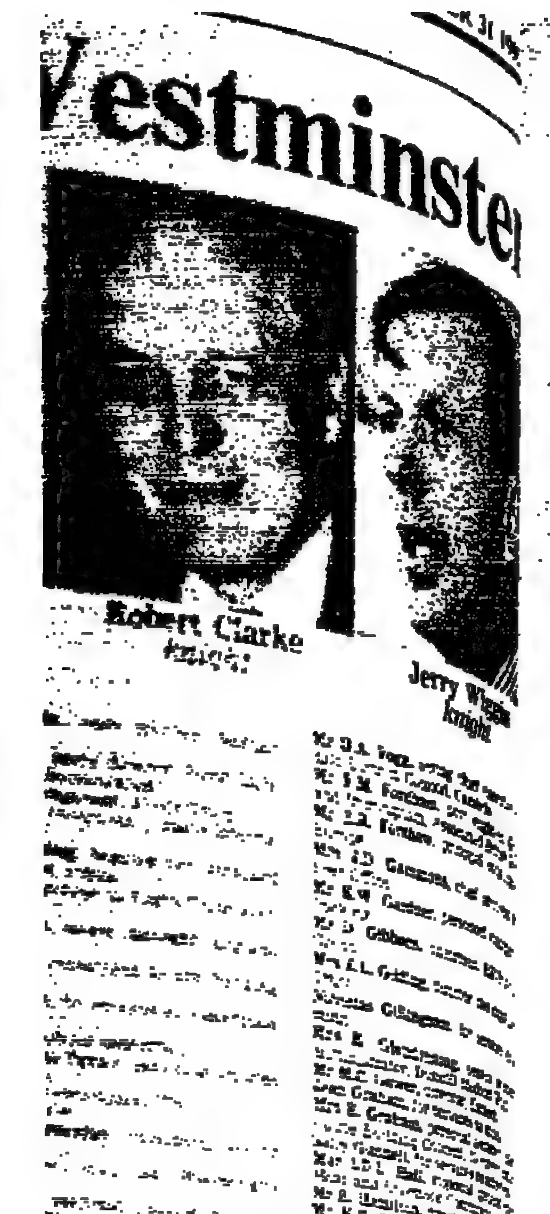


LONDON STOCK EXCHANGE

Confidence checked in higher volume

By Terry Byland,
UK Stock Market Editor

THE LONDON stock market yesterday displayed a mirror image of its previous session, sliding lower in modest trading as the outlook on both the domestic and US economies appeared less dramatic. Trading volume increased as the equity market gave ground, while stock index futures played a less aggressive role in the underlying stock market.

The UK market was disappointed by Wall Street's fall overnight, as the rise in US consumer confidence and an initial dip in London stocks found no succour this time from stock index futures. Share prices were soon on the drift and the FT-SE was 18.5 off at the day's low.

Although there was little encouragement either from stock index futures or from Wall Street, a mere 6 Dow points up in London hours, following less decisive pointers from the November index of leading US economic indicators, the Footsie staged a modest rally.

The final reading showed the FT-SE Index at 2,832.5, a fall of 15.3 on the day. Similar fortunes were suffered by the FT-SE Mid 250 Index, down 4.9 at 2,856.4, and the FT-SE-A 350, which was 6.4 off at 1,382.5.

The immediate reasons behind yesterday's fall were not difficult to identify. Weakness in the New York market was one, but a significant factor was the disclosure of further tensions in Britain's high streets, after J. Sainsbury, a leading food supermarket group, said it was slashing prices by 25 to 50 per cent.

The news threw a cloud over this week's reports of increased spending in post-Christmas store sales, but most analysts maintained that Sainsbury's move should be seen merely in terms of competition in the domestic market.

But some analysts pointed to the downturn in food retailers and to the rise in Seaq-reported volume to 494.9m shares from the 287.1m of the previous session; equity business on Tuesday was worth only £636.1m, around half of recent daily average totals.

The fall in the UK equity market yesterday increased nervousness ahead of the return to full trading at the beginning of next week. Many analysts fear that the present run in share prices could be severely tested by rights issues in the new year.

Account Dealing Dates

First Dealings:	Dec 14	Jan 4	Jan 18
Option Declarations:	Dec 30	Jan 14	Jan 28
Last Dealings:	Dec 31	Jan 15	Jan 29
Account Day:	Jan 11	Jan 25	Feb 8

*New time dealings may take place from 8.30am two business days earlier.

Price war fears hit Sainsbury

FOOD retail shares fell sharply, pulling the market down in their wake, after supermarket group Sainsbury said it would launch an aggressive package of price cuts in the New Year. The announcement immediately raised fears that a damaging food price war could follow and dent prospects in the food retail sector. Tesco, the rival food supermarket group, is expected to announce its response to the Sainsbury move either today, or early next week.

Although rounds of price promotions are expected at this time of year to compensate for flat New Year trading, yesterday's move by Sainsbury was viewed in the market as putting further pressure on Tesco, which has used improved margins to offset lower sales growth and enhance earnings.

Mr Nick Bubb at Morgan Stanley said that with the food retail sector at a 5-year relative high against the stock market, some investors were already looking for an excuse to take profits. He added: "This is a clever pre-emptive strike by Sainsbury, which can afford to take risks, and Tesco margins will be put under more pressure." He believes that the price war talk will continue to affect sentiment and is advising clients to go underweight in the sector, with shares likely to come off a further 5-10 per cent.

At Henderson Crosthwaite, Mr Bill Myers said that short-term weakness would be counterbalanced by selective buying at the discounted levels, with Sainsbury and Argyll prices likely to be restored prior to yesterday's levels. Argyll closed at 398p, a fall of 22, Kwik Save at 784p, down by the same amount, Sainsbury at 561p, off 16, and Tesco the same at 251p.

Pentos setback

A profits warning from Pentos, the high street retailer which owns the Rymans and Athena chains, sent the shares crashing and, along with the Sainsbury announcement, took the shine off the gains made among retail stocks on Tuesday. Pentos said that pre-tax profits for the year ending December 1992 would be "significantly below market expectations." It blamed disappointing trading at Athena and its Pentos Office Furniture outlets, as well as reorganisation costs. The shares closed 16 down at 56p.

Analysts quickly moved to chop forecasts. County NatWest moved from £17m to £6m, while Kleinwort Benson expected to change from £13.5m to £5m. Mr John Richards at County said that the bad news was probably all in the share price now, but that any recovery would take some time. He also said that hints that books may be included in changes to VAT in the Budget in March could also cast a cloud over the shares. There were also criticisms from analysts over the company's accounting policy.

The Pentos warning was behind the fall in WH Smith, even though Pentos said its Dillons chain was trading "satisfactorily". Smith 'A' shares retreated 10 to 500p. J Menzies fell 4 to 457p, although Pentos said Rymans was also performing as expected.

Marks and Spencer lost 4 to 328p on the back of the Sainsbury announcement. Food sales are an increasingly larger part of the company's revenues. Aquisition talk once again circled Kingfisher, helping the shares rise 6 to 589p.

Sainsbury also helped drag food manufacturers down as analysts predicted a tough first quarter, the sector being squeezed between higher raw material costs and price cutting retailers. Cadbury-Schweppes tumbled 9 to 439p, Northern Foods 8 to 265p and United Biscuits 11 to 352p.

The recovery in British Aerospace continued with renewed hints that a new Hawk aircraft order could be in the offing from the Indonesian government. The shares lifted 6 to 167p. Elsewhere, motor industry groups were strong, sentiment lifted by bullish statements from Vauxhall. Component manufacturer GKN rose 4 to 448p, while distributors Evans Halshaw added 3 to 205p and Pendragon 3 to 236p.

Buoyant holiday bookings again lifted Airtours, shares in the tour operator ahead 15 at 300p. Sentiment was also helped by rumours that some institutional shareholders at Airtours rival Owners Abroad are unhappy about the latter's tie-up with German travel group LTU and may vote against it at the EGM on 8 January. If true, this could encourage renewed interest from Airtours, which is thought to have held exploratory talks with Owners in the summer. Owners shares raced forward 7 to 94p.

Old talk that Queens Most Houses, the hotel group, was eyeing the smaller Mount Charlotte concern gave some investors the excuse to take profits and the shares fell 2 to 45p.

House builders at last took some comfort from the recovery talk and made gains. Among them, Bellway added 13 to 311p, Henry Boot 5 to 230p, and Countryside Properties 3 to 93p.

● Trading in derivatives remained slack yesterday, and traders stressed that increased business in the March stock index future contract still left the total well below average levels. The contract closed at a premium of around 12 points above its fair value reading of 12 above cash, allowing for the dividend and financing flows imposed on holders of the underlying blue chip stocks.

Traders said that most of the business came from speculative sources, including such few locals, or independent traders, as were still to be found in the City of London ahead of the New Year break. The big institutions have largely completed their activities for this year, and the securities houses are no longer interested in taking positions ahead of the extended holiday weekend.

Turnover in traded options rose to 21,718 contracts from the 10,619 of the previous session, with the FT-SE contract recording 8,801 against 3,288. Among individual contracts, Asda recorded 3,684, reflecting unease in the food retail sector. Grand Metropolitan followed with 2,209 and Lonrho recorded 738 contracts.

FINANCIAL TIMES EQUITY INDICES

	Dec 30	Dec 29	Dec 24	Dec 23	Dec 22	Year ago	High	Low
Ordinary share	2170.9	2178.8	2155.6	2162.8	2184.5	1636.6	2184.5	1670.0
Ord. div. yield	4.30	4.29	4.32	4.32	4.28	5.00	5.34	4.24
Earning yld % full	5.90	5.88	5.93	5.93	5.87	7.51	-	-
P/E ratio net	21.60	21.69	21.52	21.52	21.74	16.71	21.74	15.79
P/E ratio nil	19.96	20.01	19.85	19.85	20.05	15.77	-	-
Gold Mines	63.1	64.4	64.0	64.4	64.9	142.8	160.6	63.0

*for 1992 Ordinary share index since compilation: high 2184.5 22/12/92 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

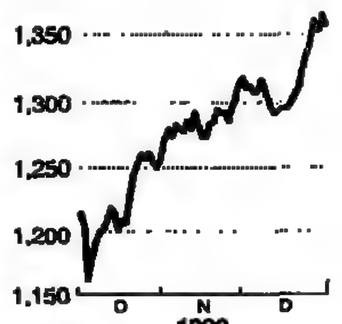
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2171.7	2174.8	2178.9	2172.2	2168.9	2171.1	2171.4	2175.2	2171.0	2178.2	2167.7

Volume	Dec 30	Dec 29	Dec 24	Dec 23	Dec 22	Year ago
SEAQ Bargains	24,181	17,406	10,847	27,742	31,402	22,819
Equity Turnover(£m)†	-	636.1	422.1	1301.8	1463.6	527.54
Equity Bargains†	-	18,393	13,119	32,469	34,326	22,132
Shares traded (ml)†	-	247.1	195.4	608.9	735.5	255.2

† Excluding intra-market business and overseas turnover.

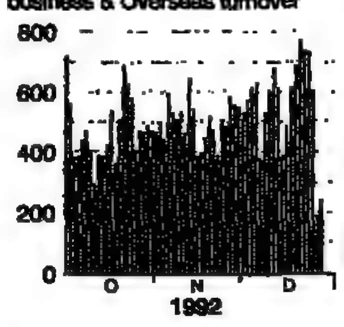
London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (146).
BRITISH FUNDS (2) Treas 8pc '03, Treas 9pc '08, AMERICANS (7) American T & T, Chrysler, Cont'l. Bank, Lowe's, Sears [illegible]
... STORES (7) Betterware, Brown (N), Burton, Country Casuals, Courts, Fine Art Devs., Tie Rack, TEXTS (7) Celestion, Claremont Grmts., Dawson, Dewhirst, Forminster, Richards, Shenl, Stirling, TRANSPORT (2) Forth Ports, Mersey Docks, WATER (2) East Surrey, Northumbrian.
NEW LOWS (8).
INV TRUSTS (1) JF Pacific Wrt., MEDIA (1) Home Counties, MISC (1) Dudley Jenkins, PROP (2) Derwent Valley, Warnford, STORES (1) Pentos, MINES (2) Deelkraal, Hartebeest.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]			
British Gas	1,900	269	-1
British Land	378	190	-1
British Steel	4,200	57	
Bunzl	881	119	-5
Burmah Castrol	437	736	+1
Burton	4,400	71½	+1
Cable & Wire.	918	690	-6
Cadbury Schweppes	1,800	439	-9
Calor Group	27	229	
Carlton Comms.	112	768	-2
Coats Viyella	884	224	-2
Lonrho	3,600	69½	-3½
Lucas	671	126	
MB Caradon	654	309	+1
MEPC	452	329	-2
Marks & Spencer	2,500	328	-4
Midlands Elect.	224	470	+4
NFC	507	276	-7
NatWest Bank	1,700	493	-4
National Power	579	284	-1
Next	686	145½	-3½
North West Water	540	478	
Inchcape	587	555	
Kingfisher	609	589	+6
Kwik Save	297	784	-22
Ladbroke	1,600	183	+3
Land Securities	367	446	-4
Laporte	105	647	-2
Legal & General	203	423	-5
Lloyds Abbey	469	423	+4
Lloyds Bank	970	530	+3
LASMO	678	158	-3
London Elec.	429	436	+3
Shell Transport	1,500	559	
Siebe	159	440	
Slough Ests	373	146	-2
Smith (W.H.) A	284	500	-10
Smith & Nephew	253	164	-1
SmKl Beecham	1,000	484	-3½
SmKl Beecham Uts.	2,100	425	-3
Smiths Inds.	292	360	+7
Southern Elect.	332	442	+7
South Wales Elect.	342	510	+3
South West Water	69	489	+2
South West. Elect.	34	463	+4
Royal Bk Scotland	1,700	207	
Royal Insurance	542	289	-1
Saatchi	175	151	
Sainsbury	2,400	561	-16
Scottish & New.	341	483	-8
Scot. Hydro-Elect.	184	260	-1
Scottish Power	796	244	+1
Sears	1,300	101	-1
Sedgwick	414	166	-1
Seeboard	124	470	+6
Severn Trent Water	362	462	+1
Warburg (SG)	223	561	+5
Wellcome	767	962	-13
Welsh Water	246	531	+4
Wessex Water	74	595	+7
Whitbread 'A'	976	494	
Williams Hldgs.	1,000	335	-2
Willis Corroon	1,000	189	-2
Wimpey	709	115	-4
Wolseley	468	537	-8
Yorkshire Elect.	182	505	+5
Yorkshire Water	411	525	+1
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 2832.5 -15.3 | **FT-SE MID 250** 2856.4 -4.9 | **FT-A ALL-SHARE** 1358.06 -5.91

	Dec 30	Dec 29	Dec 24	Dec 23	Dec 22	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2832.5	2847.8	2827.5	2827.4	2842.0	2420.0	2847.8	2281.0	2847.8 29/12/92	986.9 23/7/84
FT-SE Mid 250	2856.4	2861.3	2848.9	2842.6	2845.4	2331.3	2861.3	2157.8	2861.3 29/12/92	1379.4 21/1/86
FT-SE-A 350	1382.5	1388.9	1379.8	1379.1	1385.1	1170.1	1388.9	1103.1	1388.9 29/12/92	664.5 14/1/86

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2836.2	2840.8	2842.8	2836.2	2830.4	2833.4	2833.7	2840.0	2832.6	2844.3	2829.3
FT-SE Mid 250	2858.4	2859.7	2861.9	2857.0	2856.2	2855.6	2856.9	2858.2	2856.4	2861.9	2854.9
FT-SE-A 350	1384.1	1386.0	1387.1	1384.0	1381.7	1382.8	1383.0	1385.6	1382.6	1387.6	1381.1

Gross dividend yield (ACT at 25%) FT-SE 100:4.29%

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Dec 30 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Dec 29 Index No.	Thu Dec 24 Index No.	Wed Dec 23 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	872.26	-0.1	6.44	4.91	20.23	31.00	873.55	868.91	868.47	740.42
2 Building Materials (23)	886.33	-0.1	5.74	6.09	24.86	40.39	887.66	888.63	890.70	880.07
3 Contracting, Construction (26)	730.43	+0.4	3.84	6.79	69.54	37.49	727.71	723.63	722.86	862.25
4 Electricals (9)	2539.37	+0.4	6.61	5.95	19.78	109.61	2529.07	2503.40	2474.67	2267.81
5 Electronics (28)	2354.33	-0.7	6.52	3.66	19.45	52.39	2370.17	2367.15	2362.31	1709.32
6 Engineering-Aerospace (6)	295.85	-0.2	11.97	7.94	10.64	16.18	296.38	291.82	294.43	328.95
7 Engineering-General (43)	510.00	....	7.92	4.62	16.08	17.35	509.93	505.55	504.92	453.69
8 Metals and Metal Forming (7)	321.45	-0.2	5.26	4.01	27.79	9.49	322.07	319.51	320.05	306.72
9 Motors (15)	372.57	+0.2	5.46	6.31	26.72	17.77	371.91	366.96	366.53	290.14
10 Other Industrials (18)	1993.62	-0.1	6.15	4.19	19.65	62.07	1996.10	1984.97	1982.84	1491.83
21 CONSUMER GROUP (191)	1751.67	-0.7	6.65	3.35	18.68	43.25	1764.78	1753.07	1756.04	1590.88
22 Brewers and Distillers (25)	2097.14	-0.7	7.93	3.61	15.27	54.23	2112.31	2102.13	2105.18	1937.69
25 Food Manufacturing (18)	1323.35	-1.3	7.94	3.94	15.74	40.47	1341.18	1342.86	1342.51	1237.52
26 Food Retailing (18)	3267.72	-3.6	7.90	3.11	16.48	70.26	3388.34	3370.16	3379.81	2411.78
27 Health and Household (26)	4209.38	+0.2	5.29	2.69	22.00	88.04	4201.63	4173.30	4188.23	4422.80
29 Hotels and Leisure (18)	1277.29	+1.0	6.54	5.40	20.09	46.03	1264.89	1255.63	1258.39	1226.54
30 Media (25)	1833.58	-0.3	5.43	2.83	22.97	39.40	1839.81	1829.53	1829.67	1392.95
31 Packaging, Paper & Printing (17)	785.46	-0.7	6.65	4.14	18.65	24.33	790.69	786.22	786.66	710.26
34 Stores (33)	1162.22	-0.6	6.27	3.13	21.12	26.56	1169.59	1150.59	1151.29	973.65
35 Textiles (11)	749.10	-0.1	6.37	4.05	19.82	23.64	750.01	747.82	747.50	588.92
40 OTHER GROUPS (116)	1441.60	-0.2	8.59	4.84	14.33	50.02	1444.88	1432.65	1432.39	1191.65
41 Business Services (17)	1522.66	-0.6	5.82	3.34	21.03	36.28	1531.11	1510.80	1515.72	1380.72
42 Chemicals (22)	1430.45	+0.3	6.42	5.12	19.64	54.80	1426.26	1404.13	1403.73	1417.81
43 Conglomerates (10)	1371.35	-1.0	8.60	8.63	13.26	54.22	1385.58	1377.05	1382.26	1277.43
44 Transport (14)	2780.39	-1.1	8.07	4.29	14.89	88.31	2810.81	2797.29	2788.98	2320.26
45 Electricity (16)	1575.85	+0.4	13.75	4.82	9.34	56.57	1568.80	1560.45	1548.62	1208.39
46 Telephone Networks (4)	1684.89	-0.2	7.91	4.06	16.43	65.69	1688.67	1664.38	1664.42	1398.14
47 Water (11)	3282.43	+0.4	13.92	5.40	7.97	122.00	3268.88	3235.89	3219.24	2183.42
48 Miscellaneous (22)	2493.70	-0.3	5.69	4.07	21.70	61.03	2501.52	2510.14	2525.71	1781.50
49 INDUSTRIAL GROUP (482)	1434.64	-0.5	7.26	4.12	17.19	42.91	1441.37	1431.28	1432.26	1248.83
51 Oil & Gas (18)	2231.27	-0.3	5.98	5.81	21.97	103.27	2237.08	2212.49	2194.71	2224.03
59 500 SHARE INDEX (500)	1510.01	-0.4	7.13	4.29	17.58	47.72	1516.77	1505.53	1505.23	1334.53
61 FINANCIAL GROUP (82)	878.60	-0.4	-	4.99	-	33.33	882.30	881.27	879.74	719.47
62 Banks (9)	1193.04	-0.4	5.11	4.67	29.44	41.81	1197.92	1192.99	1189.25	858.30
65 Insurance (Life) (6)	1791.31	-1.0	-	5.07	-	68.18	1810.13	1812.98	1816.89	1482.47
66 Insurance (Composite) (7)	635.79	-0.4	-	4.74	-	22.58	638.50	642.89	643.99	504.20
67 Insurance (Brokers) (10)	773.87	-0.3	8.01	6.90	16.76	48.05	776.21	783.08	787.24	980.77
68 Merchant Banks (6)	503.24	+0.8	-	4.54	-	16.75	499.39	493.69	492.46	438.82
69 Property (30)	643.96	-0.4	8.46	6.55	15.50	33.09	646.85	648.02	644.30	791.06
70 Other Financial (14)	302.18	+0.2	6.63	5.55	19.86	11.63	301.58	300.98	300.23	228.71
71 Investment Trusts (69)	1338.18	-0.1	-	3.24	-	32.11	1339.38	1335.74	1330.52	1162.81
99 ALL-SHARE INDEX (651)	1358.06	-0.4	-	4.36	-	43.73	1363.97	1355.18	1354.50	1187.70

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1447.8	1448.4	1454.3	1454.3	1455.2	1455.3	1455.0	1454.2	1455.8	1455.8	1450.2	+5.6
Health & H	1258.0	1261.6	1261.6	1260.5	1260.0	1264.8	1264.8	1282.8	1273.8	1272.5	1270.4	+2.1
Water	1351.9	1354.8	1353.9	1355.8	1357.5	1357.3	1358.1	1359.1	1357.1	1357.1	1352.0	+5.1
Banks	1450.1	1453.6	1456.0	1455.6	1451.5	1450.7	1450.7	1450.7	1448.2	1449.1	1455.4	-6.3

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100	—	100	97	8.24	6.74
10pc 1993‡‡	100	—	101	99	8.90	8.57
12½pc 1993‡‡	103	—	104	100	12.11	6.33
Funding 6pc 1993‡‡	98	+⅛	108	95	6.02	6.54
Treas 13¾pc 1993‡‡	106	—	107	103	12.83	
8½pc 1994	102xd	+⅛	102	96	8.33	
14½pc 1994‡‡	109	—	110	104	13.32	
Exch 13½pc 1994	108	—	110	103	12.43	
Treas. 10pc Ln. 1994‡‡	104½	—	105	98	9.57	
Exch 12½pc 1994	109	—	110	103	11.50	
Treas 9pc 1994‡‡	103	—	104	95	8.67	
12pc 1995	109xd	—	111	102	10.94	
Exch 3pc Gas 90-95	94	-⅛	95¼	88¼	3.19	
10¼pc 1995	107¼	+⅛	109	99	9.61	
Treas 12¾pc 1995‡‡	114	+⅛	116½	106	11.10	
14pc 1996	118xd	—	119	109	11.86	
9pc 1992-96‡‡	100xd	-⅛	104½	96	8.98	
15¼pc 1996‡‡	123	—	125¼	113	12.39	
Exch 13¼pc 1996‡‡	117	+⅛	118	108	11.29	
Conversion 10pc 1996	109¼	+⅛	110	98	9.15	
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
14pc '98-1	126	+⅛	128	116	11.07	7.88
9¾pc 2002	109	+⅛	111	98	8.87	8.23
8pc 2003 (£25 pd)	24	+	24	21	8.08	8.12
10pc 2003	111	+⅛	113	100	8.98	8.33
Treas 11½pc 2001-4	118	+⅛	120¼	107	8.72	8.36
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992 high	1992 low	(1)	(2)
Index-Linked						
Treas. 2pc '94 (102.9)	132⅜	—	132⅝	122⅞	-	1.78
2pc '96 (67.9)	185¼	—	187⅞	176	1.98	2.84
4⅝pc '98 (135.6)	106	+⅛	108	100	2.26	3.31
[illegible]						

OTHER FIXED INTEREST

	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]						
Ireland Cap 8½pc '10	98	—	103	88	8.61	-
9pc Cap 1996	101	—	105	90	8.89	-
13pc '97-2	118	—	118	103	11.21	-
Hydro Quebec 15pc 2011	141	+	141	130	10.63	10.06
Leeds 13½pc 2006	129	—	129	118	10.44	9.67
Liverpool 3½pc Irred	35	—	36	30	10.00	-
LCC 3pc '20 Aft	30	—	32	27	9.84	-
Manchester 11½pc 2007	116	—	116	103	9.91	8.47
Met. Wtr. 3pc 'B'	64	—	64	59	4.65	8.06
N'wide Anglia 3⅝pc 2021	118	—	121	103	-	4.98
4⅛pc IL 2024	117	—	118	103	-	4.77
Utd Mx States 16½pc 2008	132	—	132	121	12.49	11.86

Continued on next page

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 High	1992 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		185½	-½	188	147	3.4	222.7	16.5
Warrants		30	+1	30	21	-	-	-
Scot Mortgage		182	-1	184	135	2.9	214.6	16.2
Scot National Inc		87½	+½	107	69½	17.8	-	-
Cap		27	—	42	12½	-	47.7	56.0
Stepped Pf		133	+½	135½	128	6.5	-	-
Zero Div Pf		209½	—	209½	185½	-	-	-
Warrants		6	—	9	3	-	-	-
Scot Value		71	+1	71	48	3.4	69.5	0.7
Sec Alliance		1420	+10	1420	1066	3.4	1,582.7	9.5
Second Market		205	—	236	222	9.8	205.1	15.0

[illegible]

MEDIA - Cont.

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1992 High	1992 low	Mkt Cap£m	Yld Gr's
Glencar Expl	‡‡	8	—	16	8	1.48	-
Greenwich Res	□	5¼	—	11	2	3.00	-
Hemlo Gold C$		54	—	95	53¼	385.8	2.5
Ivernia West	‡‡□	33	—	60	30	18.8	-
Kells Minls	‡‡□	8	—	42	8	0.38	-
Kenmare	□	6½	—	7	2¼	6.24	-
Malinga Res		24½	+2	48	8	2.70	-
Navan Res	‡‡	34	—	34	16	4.36	-
Oryx Gold		48½	—	103	48½	-	-
Plateau		38	—	13	3	1.37	-
RTZ	□	679	+6	682	469	6,818	3.8
Vaccaya		3	—	3	1	1.61	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. *Dividends and Dividend covers are published on Monday.*

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment.
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT8274. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

FT Cityline

Real time share prices and other stock market information is available through the FT Cityline international telephone service.
Annual subscription £250.00 stg.
Call +44 71-925 2126 for more details.

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AXA Equity & Law Unit Tst Mngrs (1200)H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Britannia Life Unit Managers Ltd (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brown Shipley & Co Ltd (1000)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Confederation Funds Mngt Ltd (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consistent Unit Tst Mngt Co Ltd (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-op Pension Fds UT Mgrs Ltd (1000)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gartmore Fund Managers (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INVESCO MIM UT Mngrs Ltd -Contd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MGM Unit Managers Ltd (1000)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MW Investment Managers Ltd (0659)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maldon Unit Trust Managers Ltd (1400)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manulife Management Ltd (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N&P Unit Trust Management Ltd (1200)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
National Provident Inv Mgrs Ltd (1400)H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild Fund Management (1000)F	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH [illegible]

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available on FT Cityline. For details call (071) 925 2128.

Shaw (Albert EJ) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mngmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

James Capel Fund Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

AEGON Life Assurance Co (UK) Ltd

Cannon Assurance Ltd – Contd.

Crown Financial Management Ltd – Contd.

Guardian Royal Exchange – Contd.

Legal & General – Contd.

NM Life Assurance Ltd

Continued on next page

FT MANAGED FUNDS SERVICE

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Prolific Life & Pensions Ltd

Sedgwick Kendal, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	649.3	689.7	+5.8	-
Adventurous Mngd	155.0	164.9	+0.8	-
Cautious Mngd	122.8	130.7	+0.3	-
Cash Fd	315.3	332.3		-
Property Fund	215.7	229.5		-
Equity Fund	738.1	785.3	+0.6	-
Fxd Int. Fund	397.9	419.3	+0.3	-
International	327.6	348.5	-0.1	-
High Income	579.3	616.3	+7.1	-
Far East	425.4	452.6	-0.6	-
North American	435.6	463.5	-1.4	-
Special Sits	530.0	563.9	+7.8	-
Technology	446.2	474.7	+3.0	-
Extra Inc Fd	316.3	336.5	+3.8	-
Convertible & Gilt Fd	148.5	158.0	+0.3	-
American Income	175.7	187.0	+0.9	-
Gilt Fund 20	437.9	465.8	+0.2	-
European Fund	116.4	123.9	+0.3	-
Pref & Fixed Int.	109.7	116.8	-0.1	-
UK Blue Chip	115.9	123.3	+1.1	-
Recovery Fund	110.6	116.6	+0.8	-
Equity Income Dist.	104.0	110.7	+0.7	4.97
Managed Dist.	99.2	105.6	+0.3	5.22
High Yield Dist.	100.4	105.8	-0.4	7.45
Pension Funds				
Balanced Gth Mngd Pens Acc	750.4	789.9	+2.8	-
Adventurous Mngd Pens Acc	162.4	171.0	+0.8	-
Cautious Mngd Pens Acc	141.7	149.2	+0.2	-
Building Soc. Acc.	363.1	382.3	--	-
Property Pens. Acc.	294.0	309.5		-
Fix. Int. Pens. Acc.	627.0	660.1	+0.5	-
Equity Pens. Acc.	948.5	998.5	+5.3	-
International Pens Acc	302.8	318.8	+0.4	-
High Inc Pens Acc	646.1	680.2	+1.9	-
Tech Pens Acc	313.0	329.5	+0.7	-
N American Pens Acc	332.5	350.0	-0.6	-
Far Eastern Pens Acc	428.3	450.9	+2.4	-
Special Sits Pens Acc	433.3	456.1	+2.3	-
Extra Income Pens Fd	384.9	405.2	+0.9	-
Convertible & Gilt Pen.	181.5	191.1	+0.1	-
American Inc Pens	202.6	213.2	+0.1	-
European Pens.	129.1	135.9	+0.1	-
Managed Cash Pens.	171.0	180.0		-
Pref & Fixed Pens	127.7	134.5		-
UK Blue Chip	125.0	131.6	+0.3	-
Recovery Fund	117.8	124.0	+0.4	-
Unitised With Profits Pens	107.6	113.3	+0.1	-
Other Funds				
Margetts Growth	116.9	123.1	+0.9	-
Margetts Income	119.6	125.9	+0.8	-
Margetts Pension	127.3	134.1	+0.9	-
NCH Managed	118.3	124.6		-
B&B Select Mngd	104.2	109.7	+109.7	-
JNJ Managed Pension	126.7	133.3	+1.4	-
IAS Managed	114.4	120.5	+0.1	-
[illegible]	105.8	111.4	+0.2	-
FTC Prosperity	152.7	160.8	+0.5	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	167.8	176.6	--	-
Equity Acc Fd	398.5	419.5	+1.1	-
Managed Acc Fd	342.5	360.6		-
Prop Fd (1st Issue)	-	614.1		-
Prop Acc Fd (2nd Iss.)	119.6	125.9	-	-
Unit Trust Mn. Fd	150.5	158.4	--	-
RL Pension Funds				
Deposit Acc	243.3	256.1	--	-
Equity Acc	295.7	311.2	+1.0	-
Fixed Int Acc	243.6	256.4	--	-
Gilt Indx Lnk Acc	181.2	190.8	--	-
Managed Acc	374.7	394.5		-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	112.6	118.6	+0.3	-
JRA/Scottish Amicable Mngd	108.3	114.1	+0.2	-
JRA/St James's Place Mngd	115.1	121.2	-0.1	-
Deposit	100.2	105.5	+0.1	-
Far East	112.1	118.1	+1.2	-
Gilts	105.2	110.8		-
Greater European	109.0	114.8	-0.1	-
North American	129.6	136.5	-0.9	-
UK Equity	112.8	118.8	+0.2	-
Pension Funds				
JRA/M&G Managed cap	110.7	116.6	+0.3	-
JRA/M&G Managed acc	114.3	120.4	+0.3	-
JRA/Scottish Amicable Mngd cap	106.0	111.6	+0.4	-
JRA/Scottish Amicable Mngd acc	109.5	115.3	+0.4	-
JRA/St James's Pl Mngd cap	118.3	124.6	+0.1	-
JRA/St James's Pl Mngd acc	122.2	128.7	+0.1	-
Deposit cap	100.1	105.4	+0.1	-
Deposit acc	103.3	108.8	+0.1	-
Far East cap	108.3	114.1	+1.3	-
Far East acc	112.0	117.9	+1.4	-
Gilts cap	102.9	108.4	+0.1	-
Gilts acc	106.4	112.0	+0.1	-
Greater European cap	109.1	114.9	--	-
Greater European acc	112.7	118.7	--	-
North American cap	131.8	138.8	+0.1	-
North American acc	136.2	143.4	+0.1	-
UK Equity cap	110.5	116.4	+0.5	-
UK Equity acc	114.1	120.2	+0.5	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		593.8	-	-
Multi Gwth A Cap	388.1	408.5		-

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices ... details call (071) 925 2128.

JERSEY (SIB RECOGNISED)

IRELAND

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Nomura Global Fund (u)						
1 St Martin's-le-Grand, EC1A 4NP 071 236 8811						
Asia Pacific P'folio		$-	6.64		-0.01	
Norwich Union Intl Portfolio (u)						
10a boulevard Royal, L-2093 Lux 010 352 46461						
Nth American Equity		$-	2.77			-
European Equity		$-	1.99			-
Pacific Equity		$-	2.34			-
Global Equity		$-	2.17			-
Nth American Bond		$-	2.44			-
European Bond		$-	2.30			-
Global Bond		$-	2.54			-
Global Balanced		$-	2.27			-
US Dollar Liquidity		$-	2.08			-
PRICOA Worldwide Inv Portfolio Sicav (u)						
6, Avenue J.P. Pescatore, L-2324 Lux (352) 475581						
Pacific Growth Series			$11.14		-0.02	-
S-T Glob Inc Series			$9.44		-0.01	-
US Growth Series			$10.74		+0.02	-
Regent Global Fund (u)						
14 Rue Leon Thyes L-2636 010 352 4204971						
Intl Growth Fd			$1.6086	1.6967	[illegible]	0.00
UK Gth Fnd			$1.2946	1.3724	[illegible]	0.00
American Gth Fnd			$5.0086	5.3092	[illegible]	0.00
European Gth Fnd			$2.6800	2.8502	[illegible]	0.00
Japanese Gth Fnd			$2.2294	2.3590	[illegible]	0.00
Pacific Basin Gth Fnd			$2.0929	2.2185	[illegible]	0.00
Reserve Fund			$2.1750	2.3058	[illegible]	0.00
Sanpaolo Group (Luxembourg)						
c/o 9 St Pauls Churchyard, London, EC4 071-489 8825						
Sanpaolo ECU Fund						
Bonds		Ecu-	136.569	140.666		-
Mixed		Ecu-	125.433	129.196		-
Shares		Ecu-	108.073	111.315		-
France Shares		Ecu-	78.978	81.348		-
France Bonds		Ecu-	130.806	134.730		-
Sanpaolo Italy Fund						
Bonds		Ecu-	127.126	130.940		-
Mixed		Ecu-	101.624	104.673		-
Shares		Ecu-	83.405	85.907		-
Prices fixed on Tuesday of each week						
Schroder International Selection Fd (u)						
14 Rue Aldringen L-1118 Lux 010 352 4799 2456						
Trafalgar Dec 29		$-	33.27	34.94	+0.43	-
Euro Smllr Cos Dec 29		Ecu-	3.80	3.99	-0.01	-
Japan Smllr Cos Dec 29		$-	4.21	4.43	-0.03	-
US Smllr Cos Dec 29		$-	9.33	9.80	+0.01	-
Global Bond Dec 29		Ecu-	5.95	6.25	+0.03	-
Global Equity Dec 29		Ecu-	5.02	5.27	-0.02	-

	Bid Price	Offer Price
Europe Value Fund (u)		
NAV	$9.71	
EurOptec (u)		
European Protection	Ecu95.21	100
Fidelity Intl Inv Mngt (Luxembourg)		
Conv Sec Portfolio	$7.96	
New Europe Fd	$9.13	
Fidelity Investment (CI) Ltd		
Blncd Port-Hedged	$12.52	
Blncd Port-Unhedged	$11.49	
Discovery	$19.90	
Far East	$52.61	
Frontier	$34.26	
Global Industries	$15.86	
Global Selection	$13.07	
International	$15.04	
Orient	$93.47	
Special Growth	$26.02	
World	$86.02	
The First Korea Smaller Companies Fund		
NAV Oct 31	$9.20	
Five Arrows Asia Pacific Fund		
Japan Recovery	$10.56	
Asian Opportunities	$9.91	
Five Arrows Intl Bond Fund		
Rothschild Asset Management (CI)		
NAV per share	$12.05	
Fleming Group		
Fleming Fund Management (Lux)		
Japan Warrant NAV	$1.14	
European Wrnt NAV	$4.99	
FF Portfolio	$11.35	
Gamax Funds		
Max-Fonds International	DM10.82	
Gartmore Luxembourg S.A.		
Worldwide Growth	7.21	
Phoenix Fd	$13.82	
H.C.M. HYPO Capital Mgt Lux		
H.C.M. Lux Interbond	DM62.57	
H.C.M. DM-Rent.	DM69.45	
H.C.M. DM-Kurz.	DM1086.92	
H.C.M. DM-Cash Plus	DM1034.52	
H.C.M. Eco Tech.	DM113.99	
H.C.M. New Europe	DM83.14	
H.C.M. UmweltFonds	DM103.88	
H.C.M. Euro-Cash	Ecu548.76	
H.C.M. Dollar-Cash	$509.58	
H.C.M. New Horizon	DM94.62	

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Growing worries on Irish punt

THE DOLLAR failed to make new headway against the D-Mark and sterling yesterday, although the underlying tone for the US currency remains bullish into the new year, *writes James Blitz.*

After peaking at DM1.6235 in Tuesday's trading, the dollar yesterday closed unchanged on the day at DM1.6140. Sterling also managed to gain some lost ground against the dollar, peaking at around $1.5150 in European trading. But it later fell back to close slightly weaker on the day at $1.5125.

With the approach of new year, the dollar was never likely to make much more headway because of thin trading in markets. Many European centres, including Germany, Belgium and Denmark, are closed today for the traditional holiday.

Thin trading was also cited as a reason why the dollar failed to gain yesterday from another good set of US indicators. The currency was unaffected by the Chicago Purchasing Managers' Index, which rose to 59.75 per cent in December from 54.2 per cent the previous month. US leading indicators also rose by 0.8 per cent in November after a revised 0.5 per cent gain in October.

The end of the dollar rally partly explains the D-Mark's firmer performance inside the European Exchange Rate Mechanism yesterday. The German currency was helped by comments on Tuesday night from Mr Lothar Müller, a member of the Bundesbank council, who said that short-term German rates were unlikely to come down until the country's performance on inflation allowed them to do so.

The French franc weakened slightly against the D-Mark, closing at FFr3.410 from a previous FFr3.404. Operators continue to believe that there will be active speculation against the French franc early in 1993 unless German monetary policy eases significantly. The French bank, Société Générale, was quoted as saying that the franc would be fragile in the first quarter of 1993.

The Irish punt continued to languish at the bottom of the ERM grid. It remained weak against the Belgian franc, at BFr54.10, compared to a floor of BFr54.025.

There was speculation in markets yesterday that the Irish authorities may abandon plans to abolish exchange controls today in line with the European Community's Single Market programme. However, an official at the Central Bank of Ireland confirmed yesterday that the move would be removed. Mr Steve Barrow, an economist at Chemical Bank in London, believes there could be heavy speculation against the Irish punt from Monday, and that a devaluation as early as the following weekend cannot be ruled out.

However, Mr Nick Hunt, head of foreign exchange at the Bank of Ireland in Dublin, said the currency would not fall victim to huge selling because the Irish punt market remains fairly illiquid.

£ IN NEW YORK

Dec 30	Latest	Previous Close
£ Spot	1.5100-1.5110	1.5077 1.5087
1 month	0.46-0.45pm	0.43 0.41pm
3 months	1.33-1.32pm	1.34 1.31pm
12 months	3.66-3.60pm	3.80 3.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec 30	Previous
8.30 am	79.3	79.0
9.00 am	79.3	79.1
10.00 am	79.3	79.3
11.00 am	79.2	79.3
Noon	79.3	79.3
1.00 pm	79.3	79.2
2.00 pm	79.4	79.0
3.00 pm	79.3	79.0
4.00 pm	79.3	79.0

CURRENCY RATES

Dec 30	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.911107	0.800140
U S Dollar	3.00	1.37486	1.21061
Canadian $	7.43	1.74044	1.53481
Austrian Sch	8.25	15.6693	13.7634
Belgian Franc	7.75	45.7244	40.1893
Danish Krone	9.50	8.59356	7.55845
D-Mark	8.25	2.22617	1.95635
Dutch Guilder	7.75	2.50390	2.19799
French Franc	10	7.58235	6.66563
Italian Lira	12.00	2031.64	1780.64
Japanese Yen	3.25	171.376	150.842
Norway Krone	-	9.44323	8.38288
Spanish Peseta	-	156.018	138.764
Swedish Krona	11.50	9.76151	8.54316
Swiss Franc	6.00	2.01761	1.76628
Greek Drach	19	N/A	260.003
Irish Punt	-	N/A	0.742661

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Dec 29

CURRENCY MOVEMENTS

Dec 30	Bank of England Index	Morgan** Guaranty Changes %
Sterling	79.3	-30.4
U S Dollar	66.2	-11.4
Canadian Dollar	95.2	-6.7
Austrian Schilling	114.6	+16.2
Belgian Franc	116.2	+1.9
Danish Krone	116.9	+11.0
D-Mark	125.2	+31.4
Swiss Franc	111.8	+19.7
Dutch Guilder	119.5	+20.8
French Franc	108.9	-7.7
Lira	83.7	-32.2
Yen	151.7	+87.4
Peseta	99.9	-17.6

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). **Rates are for Dec 29

OTHER CURRENCIES

Dec 30	£	$
Argentina	1.4930 - 1.4945	0.9940 - 0.9950
Australia	2.1935 - 2.1955	1.4505 - 1.4515
Brazil	18163.0 - 18187.7	12101.0 - 12109.0
Finland	7.8980 - 7.9510	5.2250 - 5.2450
Greece	320.300 - 336.750	212.000 - 216.240
Hong Kong	11.7045 - 11.7240	7.7390 - 7.7420
Iran	2267.00*	1455.00*
Korea(Sth)	1179.95 - 1199.00	786.20 - 792.40
Kuwait	0.45400 - 0.45500	0.30270 - 0.30320
Luxembourg	50.10 - 50.20	33.10 - 33.20
Malaysia	3.9460 - 3.9475	2.6100 - 2.6130
Mexico	4720.60 - 4723.65	3119.00 - 3121.00
N Zealand	2.9420 - 2.9475	1.9440 - 1.9475
Saudi Ar	5.6245 - 5.7385	3.7495 - 3.7505
Singapore	2.4780 - 2.4885	1.6405 - 1.6425
S Af (Cm)	4.6160 - 4.6235	3.0500 - 3.0550
S Af (Fn)	7.3220 - 7.3830	4.8425 - 4.8780
Taiwan	38.45 - 38.60	25.40 - 25.50
U.A.E	5.5075 - 5.6205	3.6715 - 3.6735

*Floating rate. Iran Official rate £101.85 $66.20

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
111	-	1.67	-	-	0.54	0.95
112	0.18	1.08	1.98	-	0.91	1.30
113	-	0.60	1.47	-	1.43	-
114	-	0.31	-	-	-	-
115	-	0.15	-	-	-	-
Open Int.	17,369	179,556	30,763	11,738	148,006	19,086

Estimated volume 39,273 † Total Open Interest 406,519
† All Yield & Open interest figures are for the previous day.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 30	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	143.386	138.764	-3.22	4.36	53
Portuguese Escudo	182.194	176.580	-3.08	4.21	49
Belgian Franc	40.6304	40.1893	-1.09	2.10	42
Dutch Guilder	2.21958	2.19799	-0.97	1.99	37
D-Mark	1.96992	1.95635	-0.69	1.70	30
Danish Krone	7.51410	7.55845	0.59	0.40	-37
French Franc	6.60683	6.66563	0.89	0.11	-62
Irish Punt	0.735334	0.742661	1.00	0.00	-55

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Dec 30	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.513	2.440	188.5	8.320	2.208	2.743	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.661	1	1.613	124.6	5.499	1.459	1.813	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.410	0.620	1	77.25	3.410	0.905	1.124	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.305	8.027	12.94	1000	44.14	11.71	14.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.202	1.819	2.933	226.6	10	2.654	3.297	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.453	0.685	1.105	85.37	3.768	1	1.242	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N Fl.	0.365	0.552	0.890	68.72	3.033	0.805	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.450	0.681	1.099	84.87	3.746	0.994	1.235	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C$	0.521	0.788	1.271	98.18	4.333	1.150	1.429	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.994	3.017	4.865	375.9	16.59	4.403	5.470	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pta	0.578	0.874	1.410	108.9	4.806	1.276	1.585	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	0.799	1.209	1.950	150.7	6.651	1.765	2.193	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Sterling futures rally

SHORT-DATED sterling futures yesterday continued the rally of recent days as dealers expected another cut in UK base rates by the spring, *writes James Blitz.*

Despite increasing signs of an upturn in the UK economy, the market continues to think that the British government will be forced to ease monetary policy again.

UK clearing bank base lending rate 7 per cent from November 13, 1992

On Tuesday, the Institute of Directors found that the proportion of business leaders who were more optimistic about the economy compared with six months ago increased to 38 per cent last month from 10 per cent in October.

However the IoD carefully added that the chancellor should announce a further cut in interest rates to help improve the situation.

Two other factors added to bullish sentiment yesterday. First, was growing speculation of a rise in taxes or other imposts at the time of the March budget, which would be offset by a cut in interest rates.

The Bank of England also issued a further £1bn of 7¼ per cent Treasury stock due in 1998. Dealers have traditionally seen the issue of short-dated gilts as a precursor to a base rate cut.

However, analysts who follow the Bank of England warned yesterday that the authorities had only issued this new tranche for technical reasons, notably that existing stock was well bid and in short supply.

These factors helped to push the March short sterling contract up 13 basis points to a high of 93.55, although it later fell back to close at 93.52. At this level, it prices 3-month money at 6.48 per cent in the spring of next year.

As ever, cash rates failed to reflect the excitement of futures. The 3-month rate closed unchanged at 7⅛ per cent. The overnight rate was as high as 9 per cent in the afternoon, mainly because the Bank of England revised its forecast shortage upwards from £1.3bn to £1.6bn in the afternoon. Late assistance was £430m.

German call money was quoted at around 8.80 per cent yesterday, although there were reports of wild swings in rates to as much as 9.50 per cent. The fluctuations were attributed to last-minute position taking before the end of the year.

Euromark futures were slightly weaker. The March contract closed at 92.23 after peaking earlier in the day at 92.32.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

APPOINTMENTS

PERSONAL

LEGAL NOTICES

The Insolvency Act 1986
NOVOTOUR LIMITED

MONEY MARKET FUNDS

CROSSWORD

No.8,039 Set by GRIFFIN

ACROSS

1 Spot politician entering nuclear reactor (6)
4 Representing RAF Colne, one trains fliers (8)
10 Considered accepting revolutionary oven when repaired (9)
11 For stable workers no grand accommodation (5)
12 A platform in blue I rejected (4)
13 Let it turn into a key ring, sparkling (10)
15 It's not a bad post (7)
16 Account for something schools send home (6)
19 Last half of "Water Music" (6)
21 Monkeys with tin before providing party food (7)
23 Which usually accompanies the piano (5,5)
25 Engineers close first farm building (4)
27 Australia only needs oxygen! (5)
28 Three bars free of rests (9)
29 Beaten last night he had to contain outbreak (8)
30 Clerk puts ruler behind legal document (6)

DOWN

1 Show is set in heaven (8)
2 Beggar can repair it outside (9)
3 It means nothing to a tennis player! (4)
5 Examiner wants car corrosion raised (7)
6 Agree when fabulous bird rises to reply (10)
7 Ring one chap up about her (5)
8 Give up rule about signing initial (6)
9 Left cook notes about getting hot (6)
14 Is in France working with money managers (10)
17 Refund wages to me in money for accommodation (9)
18 Valuer fools old Bob with gold (8)
20 Back on board, celebrated (7)
21 Near front door that's shut (6)
22 Meaning I'm left on board (6)
24 Top store possessing little scent (5)
26 Celebrity deserts uprising (4)

Solution to Puzzle No.8,038

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — NETHERLANDS — NETHERLANDS (continued) — NORWAY — SPAIN — SWEDEN — SWEDEN (continued) — SWITZERLAND — SOUTH AFRICA — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE — JAPAN

[illegible]

Prices data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. (u) Unavailable. ♦ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3 pm December 30

Quotations in cents unless marked $

[illegible]

Sales	Stock	High	Low	Close	Chng
600	Canamax	24	24	24	
4500	Cantor	527	27	27	+¼
1800	CnPcForest	$22½	22⅛	22½	+⅛
800	Cara Op	470	470	470	
2500	Cascades	$6¾	6¾	6¾	
800	Celanese	$40¼	40	40	
300	Cntrl Cap	1	41	1	
28300	Cineplx Odn	230	230	230	−5
1000	Cntrl Fd A	450	450	450	
29400	Cominco	$17½	17⅛	17½	
31000	Computalng	44	43	43	

[illegible]

Sales	Stock	High	Low	Close	Chng
2400	Ren'ssance	$18¾	18½	18½	−⅛
10200	Rupap Ent	215	205	210	
800600	Rio Algom	$17⅜	17¼	17¼	−⅛
49300	RogersComB	$14⅜	14⅛	14¼	
200	Rothmans	$102	102	102	
73200	RoyalBkCan	$24½	24⅜	24½	+⅛
22200	Ryl Oak Mn	195	187	195	+4
83300	RylTrustco	298	292	295	
600	StLawCm A	$6¾	6⅝	6¾	+⅛
20300	SceptreRs	$5½	5⅜	5⅜	−⅛

[illegible]

Sales	Stock	High	Low	Close	Chng
100	MadenHI x	$11⅞	11⅞	12	
57500	NatBk Can x	$8	7⅞	8	+⅛
300	Quebecor A	u$17	17	17	
2500	Teleglobe	$13⅝	13½	13½	−⅛
2700	Univa	$7¾	7⅝	7¾	
900	Videotron	$16½	16⅜	16⅜	[illegible]

Total Sales 7,512,600 shares

MONTREAL

3 pm December 30

INDICES

NEW YORK DOW JONES

	Dec 29	Dec 28	Dec 24	Dec 23	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3310 84	3333 26	3326 24	3313 54	3413 21 (1/6)	3136 58 (9/10)	3413 21 (1/6/92)	41 22 (2/7/32)
Home Bonds	103 23	103 27	103 10	103 30	103 30 (23/12)	98 41 (20/3)	103 30 (23/12/92)	54 99 (1/10/81)
Transport	1444 17	1444 37	1439 94	1443 57	1467 68 (20/2)	1204 40 (26/8)	1532 01 (5/9/89)	12 32 (8/7/32)
Utilities	222 02	222 77	223 84	223 77	225 59 (3/1)	200 74 (8/4)	236 23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3364 87 (3352 17) Low 3295 71 (3297 33) (Theoretical♦)
Day's High 3352 71 (3333 26) Low 3307 06 (3309 22) (Actual♦)

STANDARD AND POOR'S

	Dec 29	Dec 28	Dec 24	Dec 23	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	437 98	439 15	439 77	439 03	441 28 (18/12)	394 50 (8/4)	441 28 (18/12/92)	4 40 (1/6/32)
Industrials	510 48	512 34	512 75	511 13	515 75 (18/12)	470 91 (8/4)	515 75 (18/12/92)	3 62 (21/6/32)
Financial	40 89	40 79	40 70	40 67	40 89 (29/12)	32 40 (8/4)	40 89 (29/12/92)	8 64 (1/10/74)
NYSE Composite	240 66	241 01	241 23	241 00	242 08 (18/12)	217 92 (8/4)	242 08 (18/12/92)	4 46 (25/4/42)
Amex Mkt. Value	393 83	394 18	394 17	392 79	418 99 (12/2)	364 85 (9/10)	418 99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	669 01	666 25	665 88	662.96	669 01 (29/12)	547 84 (26/6)	669 01 (29/12/92)	54 87 (31/10/72)

	Dec 24	Dec 18	Dec 11	year ago (approx.)
Dow Industrial Div. Yield	3 11	3 12	3 13	2 99

	Dec 16	Dec 9	Dec 2	year ago (approx.)
S & P Industrial div. yield	2 58	2 58	2 61	2 78
S & P Indl. P/E ratio	26 78	27.10	26 71	23 24

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Glaxo	6,041,300	23¼	+ ⅜
Hibernia	5,398,300	5½	- ¼
IBM	4,995,000	49⅝	- 2¼
Am T & T	2,801,000	52¼	+ ⅛
RJR Nabisco	2,393,000	8¼	- ⅛
Citicorp	2,371,200	20¼	- ¼
Gen Motors	2,240,600	32½	- ⅝
Tucson Elec	2,166,400	2½	
Boeing	1,812,100	39⅝	+ ⅛
Am Express	1,771,200	24⅛	

TRADING ACTIVITY

† Volume Millions	Dec 29	Dec 28	Dec 24
New York SE	213 660	143.800	95 170
Amex	15 240	11 739	10.042
NASDAQ	199 710	144 065	106.263
NYSE			
Issues Traded	2,424	2,396	2,296
Rises	996	817	948
Falls	826	992	692
Unchanged	602	587	656
New Highs	120	71	64
New Lows	16	19	22

CANADA TORONTO

	Dec 29	Dec 24	Dec 23	Dec 22	1992 HIGH	1992 LOW
Metals & Minerals	2769 70	2741 40	2753 09	2751.10	3238 87 (16/1)	2529.91 (17/11)
Composite♦	3314.87	3319 91	3323 15	3313.50	3666 00 (16/1)	3195 40 (14/10)
MONTREAL P'folio♦	1756 26	1760.83	1763.25	1760.98	1937 59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♦ Corrected figures for Dec. 24.

	Dec 30	Dec 29	Dec 28	Dec 24	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1538.2	1539 0	(c)	1536.2	1684.50 (22/5)	1357.20 [illegible]
All Mining (1/1/80)	597.3	600.5	(c)	603 9	726.80 (3/7)	545.40 [illegible]
AUSTRIA						
Credit Aktien (30/12/84)	312.96	312.10	312.44	(c)	458.51 (24/2)	[illegible]
Traded Index (2/1/91)	747 70	749 43	752.86	(c)	1099.43 (24/2)	[illegible]
BELGIUM						
BEL20 (1/1/91)	1127 02	1128.18	1132.99	1137.59	1235.40 (2/6)	[illegible]
DENMARK						
Copenhagen SE (3/1/83)	261.59	265 21	264.23	(c)	365.29 (15/1)	[illegible]
FINLAND						
HEX General (28/12/90)	829.0	824 8	828 5	(c)	935.90 (24/2)	[illegible]
FRANCE						
CAC General (31/12/81)	482 03	481.07	480 09	477.91	555.93 (12/5)	[illegible]
CAC 40 (31/12/87)	1858.77	1870.28	1857.53	1854.59	2077 49 (11/5)	[illegible]
GERMANY						
FAZ Aktien (31/12/58)	602.97	604.15	604.22	(c)	725.35 (26/5)	565.82 [illegible]
Commerzbank (1/12/53)	1704 4	1709.7	1710.1	(c)	2043.80 (25/5)	1594.60 [illegible]
DAX (30/12/87)	1545.05	1542.23	1544.61	(c)	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5467 89	5444.13	5531 65	5442.81	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1225.76	(c)	(c)	1225.20	1469 57 (17/1)	1094.88 (29/10)
ITALY						
Banca Com. Ital (1972)	451.18	449 03	438.48	(c)	551.59 (6/2)	354.93 (16/9)
MIB General (2/1/92)	894.0	890.0	868 0	(c)	1086 00 (5/2)	686.00 (16/9)
JAPAN						
Nikkei (16/5/49)	16924.95	17285 64	17188.62	17648.85	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1307.66	1326.38	1321.84	1350.16	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1730.65	1727.42	1727.78	1731.82	2459 85 (6/1)	1582.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	642.66	642.95	645 03	646.39	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS TR Rtn Gen (End 1983)	294.2	294 8	295.6	294 7	314.90 (9/6)	274 00 (8/1)
CBS All Shr (End 1983)	198 0	198.4	198.9	198.3	215.50 (26/5)	189 70 (25/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	666 74	660 62	659.15	(c)	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	1256.22	1241.01	1234.57	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	392.81	391.41	390 43	388.40	416.99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	794 0♥	804.0	816 0	815 0	1327 00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4362.0♥	4367.0	4356.0	4338.0	4689 00 (4/6)	3936.00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	(c)	678.44	675.36	691.48 (8/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	215.12	214.92	215 07	(c)	266 51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	912.6	913.7	917 8	(c)	1014.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	925.8	921.4	921.3	(c)	925 80 (30/12)	748.50 (8/1)
SBC General (1/4/87)	687 6	685.8	685.7	(c)	687.60 (30/12)	596 40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3377 06	3327.67	3456.00	5391.63 (30/1)	3327.67 (28/12)
THAILAND						
Bangkok SET (30/4/75)	893.42	888.20	890.83	869.00	963.03 (5/11)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) ($)	498.6*	499.6	501.1	505.0	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	875 65	878 78	874.17	870.34	976.55 (25/5)	772.52 (5/10)

**Saturday December 26: Taiwan Weighted Price. (c), Korea Comp Ex. 678.93.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except. Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday, December 30, 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Isuzu Motor	8 1m	332	+ 14	NGK Spark	1.0m	910	-5
Toshiba Corp	1.7m	635	-5	Nomura Sec	1.0m	1,490	-40
Mitsubishi Hvy	1 5m	530	-15	NKK	0.9m	255	+ 3
Daimaru	1.2m	804	+ 42	Kawasaki Steel	0.9m	278	-30
Sumitomo Chem	1.1m	452	-11	Nippon Steel	0.9m	292	-2

3 pm December 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10¾	AAR Corp	0.48	4.0	21	182	11⅞	11½	11⅞	+¼
68½	52⅞	AMP Inc	1.52	2.6	21	640	58⅝	57½	58⅝	+1
80¼	54½	AMR				135457	65⅞	64⅝	66¼	+1¼
2⅞	1⅛	ARX			11	26	1¼	1⅛	1¼	-⅛
53½	30½	ASA	2.00	6.3	20	371	31⅞	31	31⅞	+⅝
34¾	28⅝	Abbott Lab	0.60	1.9	21	3618	31	30⅝	30⅞	+⅛
11⅞	10⅛	ACM Gov Fd	0.60	5.5		161	11	10⅞	11	+⅛
3¾	1⅝	Acme Elect			122	54	6⅛	5⅞	6⅛	+⅛
33¾	14⅞	Acuson			12	920	16	15¾	15⅞	-⅛
27	18¼	Adams Exp	1.62	8.1	1	67	20	19⅞	20	
49½	29½	Ad Micro	3.00	6.4		5	46¾	46½	46⅝	+½
9⅛	4⅞	Advest Grp	0.16	2.8	11	60	5¾	5⅝	5⅝	
42⅝	33	Aegon ADR	1.35	3.2	7	193	41⅝	41⅝	41⅝	-⅛
49¾	38	Aetna Li	2.76	5.9	13	722	46¾	46⅜	46½	
12⅞	8⅞	Ahli A	0.24	2.0	15	333	12	11¾	11¾	-⅛
34⅞	24	AlBaZ	0.44	1.3	162	178	34⅝	33⅞	34½	+¼
19⅞	13	Ahmanson	0.88	4.8	9	3615	18⅞	17⅞	18¼	+⅝
22½	4	Aileen Inc			17	480	7	6⅞	6¾	+⅛
49½	38½	Air Fr Chm	0.86	1.8	19	1785	46¼	45⅛	46¼	+1⅝
29⅞	12½	Airbrne Frt	0.30	1.7	100	68	18⅛	17¾	18⅛	+¼
23	11¼	Airgas Inc			31	67	21⅛	21	21	-⅛
12⅝	8½	Airlease x	1.60	14.9	8	50	10¾	10½	10¾	+¼

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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
44⅛	24⅞	Xtra 1.94	1.94	4.4		29	u44⅛	44⅛	44⅛	
63½	28½	Xtra Corp	0.80	1.3	18	253	u64	63½	63¾	+½
30⅝	25¼	Yankee Egy	1.66	5.5	14	19	30⅜	30¼	30¼	+⅛
1½	½	Zapata				341394	⅞	13/16	13/16	−1/16
11⅛	5	ZenithElec			2	529	6⅛	5⅞	5⅞	−⅛
20	14½	Zenith Nat	1.00	5.1	9	151	19¾	19⅝	19¾	−⅛
7½	6	Zenix Inc x	0.82	12.4		25	6⅝	6½	6⅝	
14⅛	10	Zero Corp	0.40	2.9	20	278	13¾	13⅝	13⅝	−⅛
38⅝	27¾	Zurn Ind	0.88	2.3	43	24	38⅜	38¼	38¼	
14⅛	12	Zweig Fund	1.12	8.6		88	13⅛	13	13	
11	9½	Zweig Totl	0.96	9.6		341	10	9⅞	10	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial

a-dividend also xtra(s) b-annual rate of dividend plus stock dividend. c-liquidating dividend cld-called d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

3 pm December 30

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		26	1006	24¼	23¾	24¼	+¼
Xoma Corp		4	3335	9¾	9¼	9⅝	+⅛
Yellow Fr	0.94	21	332	27⅞	27½	27¾	+⅛
York Rsch		7	218	7⅛	6⅞	7	−⅛
ZionsUtah	0.84	12	20	77½	76	77½	+1¼

AMEX COMPOSITE PRICES

3 pm December 30

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	30	402	14¼	13⅞	14⅛	+⅜
Perini	0.80	16	175	16½	16	16½	+¼
Pet Ht&P	1.14	11	z100	17¼	17¼	17	
Phil LD	0.25	10	430	36	35⅝	36	+⅜
Pitney A	1.10	18	3	34¼	34⅛	34¼	+¼

FINANCIAL TIMES Thursday December 31 1992

AMERICA

Dow rises on new economic indicators

Wall Street

US share prices were slightly higher at midsession but investors were wary that thin pre-holiday volume was exaggerating price moves, *writes Laurie Morse*.

At midsession the Dow Jones Industrial Average was 3.78 higher at 3,314.62 in volume of 110m shares. Advancing issues led decliners by 913 to 740.

The more broadly based Standard & Poors 500 rose 0.26 to 438.24, the Amex composite rose 0.92 to 394.75 and the Nasdaq composite was up 1.13 at 670.14.

Analysts said that the predominance of advancing issues suggested the market would remain firm into the new year. However, volume lagged behind Tuesday's levels.

News that the Chicago Purchasing Managers' survey of US economic conditions rose to an adjusted 59.8 in December, from 54 in November, foreshadowed a bullish national report next week and underscored traders' expectations for a gradually improving US economy.

"This is all very good news, so long as it doesn't get too good," said Mr Larry Wachtel, market analyst with Prudential Securities. "If it gets too good, [illegible] bond yields go up, [illegible] will make stock prices go [illegible]."

The November index of leading economic indicators released this morning underscored the slow-but-steady growth scenario for equities. The index rose by 0.8 of a percentage point in the month, a [illegible] stronger gain than [illegible].

[illegible] said that the data did [illegible] to support stock prices [illegible] it was within the range of expectations, and measured last month's activity.

Glaxo Holdings ADRs were the most active issue in early trading on the NYSE, with investors scurrying to buy the shares following news on Tuesday that the company had received approval to market its new anti-migrane drug in the US. The ADRs rose $⅝ to $23⅛.

Merck, another pharmaceutical company which received approval for its Taxol cancer-fighting drug, failed to take support from the news and was down $⅛ to $44 in active trading.

IBM was the third most actively traded stock, up $⅞ to $50⅛ following news that it had won a $3bn, 10-year contract to provide information services to the defense contractor, McDonnell Douglas.

Citicorp, the largest US bank, was up $¾ to $21½ at midsession after SG Warburg Securities issued a buy recommendation.

Canada

TORONTO made modest gains at midsession, led by gold and transportation groups, but overall activity was lacklustre. The TSE-300 index rose 7.3 to 3,322.1 in light volume of 15.3m shares valued at C$103m. Advances led declines by 188 to 166, with 230 unchanged.

Active issues included Laidlaw class B, up C$½ at C$12. Laidlaw's gains pulled up the transportation sector, while a rise of 0.60 US cents in bullion futures boosted the gold miners American Barrick, up C$⅜ to C$38¾, and Placer Dome, up C$¼ at C$14⅜.

Magna International A shares rose C$½ to C$34½ after Lehman Brothers in New York gave the group a positive recommendation.

SOUTH AFRICA

JOHANNESBURG saw declines in heavily weighted stocks pull the overall market lower in listless trading: the all-share index shed 8 to 3,253, while the gold index was 10 off at 794 and the industrial index lost 5 to 4,362.

Belgian cyclicals wait for economic recovery

Currency strength has helped Brussels produce a respectable performance in 1992, writes **Andrew Hill**

Analysts of the Belgian stock market have been prophesying the end of the downturn for a long time, and forecasting that when the European economy lifts itself out of the doldrums the Brussels bourse, with its heavy emphasis on cyclical, industrial stocks, will be one of the main beneficiaries.

Certainly, the cyclicals have suffered over the past three years. A recent study from the National Bank of Belgium indicated that profits at the largest Belgian companies slumped in 1991 to their lowest level since 1987. Industrial manufacturing has been the worst-hit sector over the last two years.

Under the circumstances, the Belgian stock market has not performed badly during 1992. The Bel-20 weighted index of the 20 largest stocks began the year at 1,092.72 amid hopes of German interest rate cuts and of a slow revival of industrial profitability. Neither hope was realised and the market registered a 1992 low of 1,046.07 at the beginning of September.

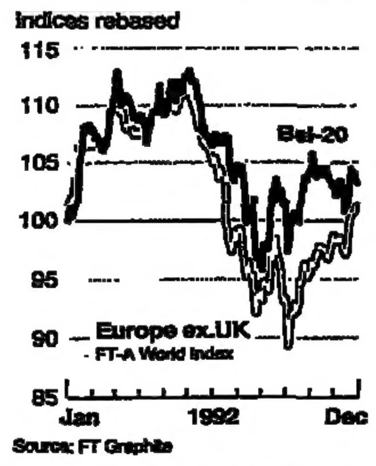
But the Bel-20 has surprised the pessimists. By last night it was marginally up on January at 1,127.02. In absolute terms, and by comparison with other small European stock markets, that is pretty respectable.

Brokers say that investors have gone for the defensive attractions of the Belgian market during 1992. Since September, Brussels has benefited from the stability of the Belgian franc, *while other European currencies have lost their* way in the exchange rate mechanism, or dropped out altogether.

In addition, once the prospect of widespread cuts in interest rates evaporated, buyers have sought out the stocks which benefit from continued tight monetary policy, such as Electrabel, the high-yielding Belgian utility which is one of the country's largest companies, and the three big banks.

In the first quarter, the market's three main retailers - GIB Group, Colruyt and Delhaize "Le Lion" - also had their attractions.

The stocks were spurred on by optimistic company announcements and the potential, particularly in GIB's case, for further modernisation of its chain of supermarkets. Since then, gloom has set in, especially at Delhaize which has been at the receiving end of a particularly vociferous campaign by unions in the US, prompted by allegations that the group's Food Lion subsidiary conducts an "anti-union" policy.



Source: FT Graphite

Some analysts believe that investors have overdone the caution – cutting the price of Delhaize shares from BFr1,940 in April to BFr1,288 yesterday – but the slide in one of the bourse's most heavily traded stocks has taken the shine off the market's performance.

The other principal disappointment of 1992 has been Petrofina, the oil and gas company, which seemed impervious to criticism until recently.

This year, however, the Petrofina "sacred cow" was *slaughtered when the group* announced poor figures. Earlier this month, for example, Petrofina forecast poor full-year figures and a halving of its dividend, the first cut for more than 20 years.

In addition, uncertainty about the future of the Norwegian Ekofisk field, in which the group has a 30 per cent stake, has cast a cloud over the shares. They have dropped from a peak of BFr11,750 in May to today's level of BFr.7,510

Next year, the full effect of 1992 will be seen in Belgian company results over the first six months. In addition, Ms Alison Kirk, Belgian equities analyst with Williams de Broë in London, points out that the economic and corporate forecasts from Germany, on which Belgium relies increasingly for *both trade and interest-rate* policy, are almost uniformly gloomy; this is bound to be reflected in Belgium.

As if predicting another year of retrenchment, the exchange has just reshuffled the components of the Bel-20 index for the first time since its launch *in March* 1991.

The intention is partly to prepare for the introduction of Bel-20 derivatives on Belfox, the fledgling futures and options market, in the New Year, but the result is to give the index a more defensive feel. For example, in come two of the big banks, Banque Bruxelles Lambert and Kredietbank, and out go two chemicals stocks, Recticel and Tessenderlo.

But although caution looks like being the watchword of the Brussels bourse *in 1993*, some analysts believe that the most prudent industrial companies, which have taken advantage of the downturn to restructure, may be poised for a small recovery.

"We'll certainly suffer from the weakness of the German economy. But if you look to the Brussels stock exchange we also have a few industrial companies which are well-linked to the dollar and could benefit from a recovery next year," says Mr Marc Janssens of Petercam, the Brussels broker.

Barco, the electronics group, Union Minière, the metals company, Delhaize and Bekaert, the steel wire producer, are all possible beneficiaries of a transatlantic upturn.

As for the exchange itself, the bourse authorities and its members are preparing for a further shake-up following the 1990 reforms. They intend to bring in a British-style market-making system by 1996, in line with EC securities legislation. That may help some of the volume and liquidity problems which have dogged the bourse, but, as one analyst puts it: "[Brussels] is always going to be small and illiquid, because it's a small country with very few multinationals. To me, it's a question of trying to make the best of what it's got."

EUROPE

Continent winds down for the New Year holiday

ACTIVITY was limited, with most bourses seeing the last trading day before the new year, *writes Our Markets Staff.*

FRANKFURT investors continued to close their books for 1992, with distinct contrasts in some sectors as professionals decided what the closing price of the year should be, and manipulated the final deals accordingly.

As the DAX index ended 2.82 higher at 1,545.05, a couple of percentage points down on the year, the main talking points included a drop in Daimler just before the closing bell, leaving it just 50 pfg higher at DM537. Its own Mercedes subsidiary closed DM6.50 higher at DM408.50. In retailing, Karstadt went the other way with a sudden closing gain of DM15 to DM500.

Turnover rose from DM2.9bn to DM3.8bn, and there was some reaction to news. In insurers, AMB fell DM20 to DM750 on Fondiaria's opposi*tion to moves affecting its* AMB stake; and while Commerzbank hardly moved on its upcoming rights issue, Deutsche Bank fell DM6.50 to DM647 on the thought that it, too, might have some fundraising in the pipeline.

PARIS eased in dull activity and the CAC-40 index closed 11.51 lower at 1,858.77, just off the day's low of 1,856.71. Turnover was FFr1.4bn after Tuesday's FFr2bn.

There remained some interest in Hachette after Tuesday's approval of the merdia group's merger with Matra, the electronics concern. Hachette was FFr2.80 stronger at FFr89.50 while Matra was unchanged at FFr194.

Financials weakened, with SocGen down FFr4 to FFr611 and Paribas losing FFr6.9 to FFr359.0. Elsewhere, Eurotunnel lost FFr1 to FFr28.20 and BSN shed FFr21 to FFr943.

AMSTERDAM entered the long weekend slightly weaker although there was good activity in Begemann, up Fl 4 to Fl 84, on news that the industrial group had sold its pipe coating division for Fl 360m. The CBS Tendency index closed 0.2 lower at 106.3 after a day's high of 106.6 and a low of 105.9.

Ahold lost 50 cents to Fl 87.80 after announcing that it had signed a letter of intent to purchase a Dutch confectionery chain from Goudsmit, up Fl 8.50 to Fl 30.50.

MILAN lost earlier gains as Sip, the telecommunications company, slipped L15 to L1,500 in late trading. The telecommunications company had trade earlier as high as L1,57 and its fall came after Italy Pricing Committee agreed *to a tariff restructuring* for the telephone business - but not until 1994. Other shares in the telecommunications sector also lost ground, affecting the mood of the whole market as the Comit index closed only 2.15 higher at 451.18. Fiat rose 4.9 per cent to settle at L4,145, but then fell to L4,040 on the kerb.

MADRID was helped by some institutional buying in thin trading and the general index gained 0.20 to 215.12. Santander recovered some of its earlier loses with a rise of Pta5 to Pta4,300.

VIENNA weakened as Lenzig retreated a further Sch29 or 4.6 per cent to Sch595 on Tuesday news that it would cut the 1992 dividend. The ATX index eased 1.73 to 747.70.

STOCKHOLM ended little changed after late profit-taking eroded early gains. The Affärsvärlden index lost 1.1 to 912.6 in turnover of SKr401m.

Astra continued to decline with the A shares losing SKr5 to SKr735 and the B shares slipping SKr7 to SKr723.

Ericsson lost SKr2 to SKr186.

OSLO was firmer with Elkem free shares rising NKr5 to NKr28 as the all-share index gained 2.11 to 372.12 in turnover of NKr221.3m.

ISTANBUL was encouraged by news that agreement had been reached in the private metal sector between unions and employers over a pay claim, thereby averting a threatened strike. The 75-share index closed up 38.91 at 3,955.53, in turnover of TL168bn. Among the actives Akal, the textile group, rose TL150 to TL[illegible].

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

December 30

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1084.25	1083.62	1083.69	1082.87	1083.98	1083.61	1083.80	1084.02
FT-SE Eurotrack 200	1167.78	1165.40	1165.31	1165.16	1166.35	1166.79	1166.94	1166.76

	Dec 29	Dec 24	Dec 23	Dec 22	Dec 21
FT-SE Eurotrack 100	1086.47	1078.93	1073.60	1072.92	1059.21
FT-SE Eurotrack 200	1167.59	1160.29	1154.31	1157.60	1145.44

Base value 1000 (26/10/90) Highday: 100 - 1084.62; 200 - 1166.49 Lowday: 100 - 1082.23 200 - 1162.89

ASIA PACIFIC

Nikkei average declines by 2.1 per cent

Tokyo

TOKYO fell back sharply in the final session of the year, *Reuter reports from Tokyo.*

The 225-share Nikkei average closed down 360.69, or 2.1 per cent at 16,924.95 on index-linked selling after a day's high of 17,254.04 and a day's low of 16,891.94. The market will remain closed until January 4.

Turnover was about 90m shares traded compared to 130m on Tuesday.

Declining issues outpaced advancing by seven to two, *with 698 lower, 193 higher and* 187 unchanged in volume of some 90m shares.

The broader first section Topix index lost 18.72 or 1.4 per cent to 1,307.66 and in London the ISE/Nikkei 50 index rose 2.01 to 1,066.65.

The market opened at its morning high, succumbing immediately to futures-linked selling. Disappointment that a hoped-for year-end rally had failed to materialise, combined with overnight losses on Wall Street, also weighed on sentiment, brokers said.

"Some people clung to the hope that US pension fund money might kick in during the morning, and when this didn't happen they just gave up," one broker commented.

High technology issues were mostly lower with NEC falling Y6 to Y681, Fujitsu Y9 to Y550 and Pioneer Y100 to Y2,670.

In the banking sector Daiichi slipped Y80 to Y1,670, Sakura Y60 to Y1,200, Sumitomo Y40 to Y1,810 and Fuji Y70 to Y1,800.

Isuzu bucked the trend, extending recent gains to end up Y14 at Y332. Large capital *issues were down on profit-taking:* Nippon Steel shed Y2 to Y292 and Mitsubishi Heavy Y15 to Y530.

The second section index advanced 3.23 to 1,730.65, with 2.4m shares traded.

Roundup

THE region was generally dull yesterday with both Seoul and Taiwan closed until January 4.

HONG KONG was featureless in slow trade. The Hang Seng index gained 23.76 to 5,467.89 in low turnover of HK$1.3bn.

Investors concentrated on banks and utilities with HSBC Holdings gaining 50 cents to HK$55, Hang Seng Bank rising HK$1.00 to HK$52.50 and Bank of East Asia firming 25 cents to HK$34.

AUSTRALIA lost ground slightly, although news earlier in the week that BHP had signed a contract to develop an oilfield off the south coast of Vietnam helped to lift sentiment. The All Ordinaries index slipped 0.8 to 1,538.2 in turnover of A$138.8m.

BHP rose 4 cents to A$13.28.

In the banking sector ANZ put on 5 cents to A$3.01, National Australia advanced 1 cent to A$7.52 and Commonwealth improved 3 cents to A$6.04. Westpac added 2 cents to A$3.24 on news that it had completed the sale of the Network Ten television group to a consortium led by CanWest Global Communications of Canada.

NEW ZEALAND rose with strong interest in Brierley Investments which gained 1 cent to NZ$1.04 in volume of 2m shares. The NZSE-40 index advanced 6.53 to 1,564.04, but off the day's high of 1,570.38, in turnover of some NZ$18m.

Fletcher Challenge went against the trend losing 5 cents to NZ$2.47 while Telecom rose 4 cents to NZ$2.45 and Carter Holt 1 cent to NZ$2.75.

MANILA was lifted by another good overnight performance from Philippine Long Distance Telephone in New York. The composite index firmed 15.21 to 1,256.22 in combined turnover of 408m pesos.

PLDT rose 25 pesos to 870 pesos while Philippine *National Bank closed 5 pesos* higher at 230 pesos.

SINGAPORE was firmer on blue chips and good economic data. The Straits Times Industrial Index rose 6.46 to 1,512.46 in volume of 53.5m shares.

KUALA LUMPUR saw light trading continuing as the composite index dipped 0.29 to 642.66 in turnover of some M$118m.

BANGKOK's SET index gained 5.22 to 893.42 in turnover of Bt7.5bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY DECEMBER 29 1992								MONDAY DECEMBER 28 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	124.60	+0.5	122.06	98.22	104.56	120.25	+0.5	4.04	124.01	121.52	97.69	103.57	119.65	153.68	108.18	150.85
Austria (18)	136.58	−0.8	133.79	107.67	114.61	115.12	+0.3	2.12	137.64	134.88	108.43	114.96	114.83	186.70	134.91	166.53
Belgium (42)	133.84	−1.0	131.10	105.49	112.30	109.74	−0.1	5.21	135.22	132.51	106.51	112.93	109.83	152.27	133.84	144.34
Canada (113)	114.74	−0.8	112.40	90.44	96.28	105.27	−0.4	3.23	115.70	113.37	91.14	96.62	105.64	142.12	111.36	136.30
Denmark (34)	190.87	−0.5	186.97	150.46	160.16	161.99	+0.2	1.69	191.82	187.97	151.11	160.21	161.64	273.94	181.70	267.15
Finland (15)	67.72	−1.6	66.33	53.38	56.82	75.04	−0.9	1.88	68.85	67.46	54.24	57.50	75.72	89.80	52.84	78.02
France (99)	148.68	+0.2	145.64	117.19	124.75	128.09	+0.5	3.52	148.32	145.34	116.83	123.86	127.44	168.75	136.93	150.44
Germany (64)	104.13	−0.6	102.00	82.09	87.37	87.37	−0.2	2.60	104.81	102.71	82.58	87.53	87.53	129.69	102.51	117.33
Hong Kong (53)	219.19	−1.7	214.71	172.77	183.93	217.84	−1.7	4.14	222.99	218.51	175.66	186.24	221.58	262.28	176.36	176.36
Ireland (16)	136.99	−0.5	134.19	107.98	114.95	118.13	+0.0	4.64	137.70	134.94	108.48	115.01	118.13	173.71	122.98	167.81
Italy (77)	55.46	+0.8	54.32	43.71	46.53	60.86	+2.6	3.41	55.02	53.92	43.34	45.95	59.32	80.86	47.47	75.39
Japan (472)	106.74	+0.3	104.56	84.14	89.58	84.14	+0.4	1.00	106.42	104.28	83.83	88.89	83.83	140.95	87.27	135.82
Malaysia (69)	262.69	−0.7	257.32	207.06	220.42	264.26	−0.4	2.51	264.53	259.22	208.38	220.93	265.34	282.42	212.49	214.18
Mexico (18)	1646.06	−0.7	1612.44	1297.50	1381.23	5618.70	−0.5	1.07	1656.91	1623.67	1305.28	1383.84	5646.71	1789.77	1185.84	1391.17
Netherland (25)	152.22	−0.7	149.11	119.99	127.73	125.99	−0.3	4.51	153.23	150.16	120.71	127.98	126.36	169.70	147.88	152.68
New Zealand (13)	42.86	+1.3	41.99	33.79	35.97	44.28	+1.5	5.03	42.32	41.47	33.34	35.35	43.61	48.52	37.39	46.98
Norway (22)	137.35	−0.6	134.55	108.27	115.26	126.87	+0.4	1.87	138.13	135.36	108.82	115.37	128.35	192.95	128.05	178.79
Singapore (38)	211.41	+0.0	207.10	166.65	177.40	159.97	+0.1	2.06	211.37	207.13	166.51	176.53	159.77	229.63	179.65	219.68
South Africa (60)	146.73	+0.1	143.73	115.65	123.12	157.62	+0.1	3.23	146.56	143.62	115.46	122.41	157.46	263.60	134.21	248.90
Spain (48)	117.10	−0.8	114.71	92.30	98.26	101.71	−0.1	5.91	117.99	115.62	92.95	98.54	101.76	161.72	107.10	156.41
Sweden (31)	165.75	−0.5	162.37	130.66	139.09	173.67	−0.4	2.26	166.55	163.21	131.21	139.10	174.33	200.28	149.69	181.14
Switzerland (60)	112.82	−0.7	110.51	88.93	94.68	102.36	+0.0	2.09	113.59	111.31	89.49	94.88	102.39	122.37	95.99	100.37
United Kingdom (226)	172.44	+0.7	168.92	135.91	144.68	168.92	+0.7	4.38	171.23	167.80	134.88	143.00	167.79	200.07	161.86	165.33
USA (522)	178.95	−0.2	175.30	141.07	150.17	178.95	−0.2	2.86	179.39	175.79	141.33	149.83	179.39	180.06	160.92	169.88
Europe (777)	136.40	+0.1	133.61	107.52	114.46	125.02	+0.4	3.77	136.27	133.54	107.35	113.82	124.51	156.88	131.31	147.69
Nordic (102)	149.38	−0.5	146.33	117.75	125.35	139.98	−0.2	2.06	150.15	147.13	118.26	125.40	140.18	188.52	141.24	183.77
Pacific Basin (713)	111.19	+0.2	108.92	87.65	93.30	89.46	+0.3	1.35	110.97	108.74	87.42	92.68	89.24	141.97	93.70	137.13
Euro – Pacific (1490)	121.39	+0.1	118.91	95.68	101.85	103.71	+0.3	2.45	121.21	118.77	95.48	101.22	103.37	145.21	113.80	141.68
North America (635)	174.97	−0.3	171.40	137.94	146.85	173.96	−0.2	2.87	175.44	171.92	138.23	146.55	174.39	176.04	158.70	167.75
Europe Ex UK (551)	114.92	−0.4	112.57	90.60	96.45	101.27	+0.2	3.32	115.33	113.01	90.87	96.34	101.05	132.98	111.33	125.14
Pacific Ex. Japan (241)	154.82	−0.5	151.66	122.06	129.93	143.28	−0.5	3.71	155.65	152.53	122.64	130.01	143.94	175.31	146.06	150.04
World Ex. US (1681)	122.39	+0.1	119.89	96.48	102.70	105.70	+0.3	2.47	122.25	119.80	96.31	102.11	105.39	146.91	115.99	143.41
World Ex. UK (1977)	137.47	−0.1	134.66	108.37	115.37	124.23	+0.0	2.43	137.65	134.89	108.44	114.98	124.23	150.58	127.21	148.01
World Ex. So. Af. (2143)	140.58	+0.0	137.71	110.82	117.97	127.85	+0.1	2.63	140.64	137.82	110.81	117.47	127.77	153.05	130.04	150.63
World Ex. Japan (1731)	159.66	−0.2	156.40	125.86	133.99	153.78	+0.0	3.20	159.92	156.71	125.99	133.58	153.84	165.40	151.93	160.86
The World Index (2203)	140.51	+0.0	137.64	110.76	117.91	128.16	+0.1	2.64	140.57	137.75	110.74	117.41	128.08	153.70	130.66	151.26

Latest prices were unavailable for this edition. Irish market closed December 29

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